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Greeted by Tito

## Hua in Belgrade, Assails Kremlin

By David Andelman

BELGRADE, Aug. 21 (NYT) — Chinese Communist Party Chairman Hua Kuo-feng arrived this morning to a bear hug from President Tito, opening the second leg of his extraordinary three-nation East European and Middle Eastern tour.

The welcome and, indeed, the entire itinerary, kept secret until late last night, was carefully calculated for its political and diplomatic impact on both East and West — but particularly on the Soviet Union, which is watching the progress of the Chinese leader with growing anxiety and irritation.

The arrival took place on the morning of the 10th anniversary of the Soviet invasion of Czechoslovakia — an intentional gesture requested, diplomats said, by the Chinese and readily agreed to by the Yugoslavs as a demonstration of the "alternative roads" to socialism represented by the two countries.

At a state banquet, Chairman Hua delivered his sharpest attack during his East European tour on the policies of the Soviet Union. Three times he attacked the concept of "hegemonism," a word used by the Chinese for aggressive Soviet foreign policy, accusing these forces of "engaging in a furious arms race and preparations for war." In a pointed attack at the So-

viet Union — the only country that Yugoslavia seriously believes might attack it — Mr. Hua observed that "Yugoslavia is ready at all times to repel an enemy that would dare mount an invasion."

A sparse crowd of several thousand greeted the Chinese leader as he stepped from a Boeing 707 after the one-hour flight from Bucharest, and on the 20-minute ride downtown to the White Palace, where President Tito awaited him while pacing on the red Oriental carpeting laid for the ceremony.

Contrast to Romania

The brevity and restraint of the welcome in Yugoslavia were a marked contrast to neighboring Romania, where more than 100,000 turned out for an effusive outpouring of chants, dances, embraces and banners. But Yugoslav officials said that tomorrow, when the Chinese leader walks through downtown Belgrade, the crowds will turn out. "They were not told to be out today," a Yugoslav said, "so they were not out today."

Marshal Tito, 86, avoided a strenuous airport arrival ceremony, as he has for all major world leaders who have visited him in recent years. Today, though, he appeared strong and thoroughly in command, striding confidently past the palace guard assembled for the



President Tito of Yugoslavia prepares a bear hug to welcome Hua Kuo-feng, the Chinese Communist Party chairman, yesterday outside of the White Palace in central Belgrade.

review, shunning the cane he had used during the recent Communist Party congress here.

The two leaders immediately adjourned to the reception rooms of the White Palace for a chat before beginning their formal talks this afternoon.

The conversations are expected to deal with a number of mutual concerns that have developed largely within the last year of feverish expansion of relations between the two countries.

For 30 years, until last summer, the Communist parties of the two countries had never maintained

formal relations — a tribute largely to Mao Tse-tung's long-standing distrust of the Yugoslav socialist ideology and to his mistrust as well of Marshal Tito's fluctuating relationship with the Soviet Union.

Relations between China and Yugoslavia began to thaw considerably after the death of Mr. Mao and the emergence of Mr. Hua. Mr. Hua's new foreign policy of expansion of contacts with countries that could help China politically and economically and his desire to surround and isolate the Soviet Union were all much in tune with the Tito foreign-policy line.

The clear personal chemistry between Mr. Hua and Marshal Tito that was developed during the Yugoslav delegation's visit to Peking last summer also opened the way for the growth of contacts at an extraordinary pace. Within the last year, more than 100 delegations were exchanged between the two countries, from top-level party groups to sports teams, businessmen and academicians.

At the same time, trade began to expand sharply — doubling from \$100 million last year to \$200 million this year. This is still substan-

## Dollar Firms On Rate Rise

LONDON, Aug. 21 (IHT) — The dollar firmed across the board today as the foreign exchange market reacted to an increase in U.S. interest rates, dealers said.

The dollar finished at 2.01 West German marks, up from 1.99 Friday and rose to 1.66 Swiss francs from 1.6400 francs. See page 7 for details.

In Reprisal for London Raid

## Israeli Jets Attack 2 Palestinian Sites

BEIRUT, Aug. 21 — Israeli jets attacked two Palestinian centers in Lebanon at dawn today in retaliation for a Palestinian grenade and submachine-gun attack on an El Al airline bus in London less than 24 hours earlier.

Reports said that at least four persons, three of them guerrillas, were killed, and that 40 were wounded. Hospital officials said that women and children were among the injured.

The strikes were denounced by the Palestine Liberation Organization as "a barbaric attack on civilian areas," and privately by Lebanese officials who complained that their country was being caught in a foreign conflict.

The targets were the Burj el Barajneh refugee camp just east of the Beirut airport, and Damour, about 12 miles south of the capital. The refugee camp is populated by about 9,000 Palestinians and Lebanese civilians and is heavily defended by guerrillas of the mainstream PLO and non-PLO groups such as the Popular Front for the Liberation of Palestine.

Heavy Ground Fire Reported

PLO military officials said that at least one bomb was dropped at the camp and a "large number" on Damour, but that "fierce ground fire precluded any large-scale bombardment."

"Most of the fire was from 80-mm machine guns," a PLO military spokesman said. "We kept them away... We were ready for this. We expected something like this and had been on alert ever since the London attack."

Witnesses confirmed that the heavy fire apparently kept the Israeli jets from bombing more extensively.

Western diplomats, however, said that there might have been another factor: Israeli reluctance to mount a major attack that could jeopardize the Camp David summit meeting of Prime Minister Menachem Begin, President Carter, and

Egyptian President Anwar Sadat scheduled for Sept. 5.

After firing on the jets, Syrian forces briefly turned their guns on the militiamen for the first time in more than a week but there were no reports of extended fighting.

In yesterday's London bus raid, an Israeli airline stewardess and one of the Palestinian attackers were killed, and two stewardesses and seven British bystanders were wounded. One stewardess was in critical condition.

"As a response to the terrorist attack on the El Al bus in London, Israeli aircraft attacked two terrorist bases in Lebanon this morning," an Israeli Army spokesman said.

It was the second time this month that Israel retaliated within hours of a Palestinian attack on Israeli civilians. A guerrilla base in southern Lebanon was hit on Aug. 3 after a bomb exploded in a Tel Aviv market, killing a 71-year-old man and wounding 49 persons.

Splinter Group Takes Credit

The Popular Front for the Liberation of Palestine-Special Operations, an offshoot of the PFLP, claimed responsibility for the bus attack in London's Mayfair district, the first such attack claimed by Arab terrorists against Israelis in London.

Four men opened fire as the bus carrying 21 El Al employees stopped outside the Europa Hotel, where the airline's crews stay during London stopovers.

Three detectives arrested a man running down a street near the hotel. Police said that they were looking for two more men.

Mordechai Hod, president of the airline, criticized the British government for refusing to allow El Al security men to carry weapons in Britain, an Israeli newspaper reported today.

"We see the British authorities as responsible for the murderous attack on the El Al stewards and stewardesses in London yesterday," the newspaper Ha'aretz quoted Mr. Hod as saying.

Meir Amit, the Israeli transport minister, said that the attack apparently was an attempt to darken the atmosphere at the Camp David summit meeting.

Three bombs were discovered in public places in Israel yesterday, two in Jerusalem and one in a bus station in Ramat Hashikma, five miles south of Tel Aviv. None exploded.

Britain Condemns Raid

LONDON, Aug. 21 (AP) — Britain criticized Israel today for avenging the bus attack.

"However great the provocation, (Continued on Page 2, Col. 4)

Backed by Giscard, Schmidt

## Shaky Dollar Aids Europe Currency Plan

BRUSSELS, Aug. 21 (AP) — Western Europe's ambitious program to create a unified money system — with currency that could be used from country to country — has been given a new impetus by the difficulties of the U.S. dollar, European experts say.

It may be some years before a pan-European currency will supplement or replace the traditional currencies of European countries. But planning for such a system is going ahead, and the dollar's latest decline has demonstrated to many Europeans that their own currency reform must be speeded.

Monetary experts from the nine European Economic Community countries have been meeting this summer to work out details of the first stage of a new European monetary system, which was outlined July 7 by European heads of state at their summit in Bremen, West Germany. The summer meetings — a rare show of determination in European countries where August is usually sacred as a vacation month — have already run into several technical problems.

Political Will

But because of strong support by West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing many analysts believe that Europeans now have the political will to carry out the project.

"The weaker the dollar grows, the more Europeans have to look to themselves for getting currency matters in order," a monetary expert at Common Market headquarters here said.

Yvonne de Witte, of the European League for Economic Cooperation, a Brussels think tank that strongly backs European

monetary unity, added that "the problems with the dollar now tell us we have to do something quickly. They should push our efforts forward."

Experts acknowledge, however, that uncertainty in world money markets brought on by the dollar's weakness makes planning a European currency more difficult.

Most European planners share a desire to protect the dollar, and believe that creation of a strong, all-European currency could relieve some of the worldwide financial responsibilities that now put pressure

on the dollar. European financial leaders have vowed not to support any system that could hurt the U.S. currency.

Troublesome Differences

Currency differences in Europe have always hampered travelers and businessmen, even during times of stability. Few people are adept enough to remember offhand that \$1 is equal to 2.18 Dutch guilders, 31.57 Belgian francs, 2.01 German marks, 4.39 French francs, £1.93 or 841.30 Italian lire, as the figures stood today. Or that the

dollar had dropped as low as 422 French francs and below 2 West German marks last week.

When the dollar's value in terms of European currencies moves substantially day by day — as it has this year — monetary transactions become even more difficult. In addition, European currencies regularly change value in relation to one another, even though six countries now try to steady their currencies jointly through the European joint float, or "snake" system.

Money instability also has prevented European and international businessmen from effectively planning overseas operations. The president of the Common Market's Executive Commission, Britain's former chancellor of the exchequer, Roy Jenkins, said last October that "it is difficult, almost impossible," to plan business in Europe with current exchange rates.

Mr. Jenkins' speech was the impetus for the latest round of work on European monetary unity. Although Europeans have talked about various monetary reforms for more than 100 years and Common Market nations pledged themselves to the general concept in 1969, it took Mr. Jenkins' strong support — plus Europe's oil-related economic problems and the dollar's decline — to push the idea this time.

No Currency at First

The first phases of the plan approved at Bremen will not create pan-European bills and coins, but will tie much more closely together the existing currencies of the Common Market countries: France, Britain, West Germany, Italy, Ireland, Denmark, Belgium, the Netherlands and Luxembourg. Other countries may also join the system.

The wild swings in money values, planners hope, will be avoided by the creation by Jan. 1 of a joint fund to support currencies. This fund, created by the pooling of 20 percent of the gold and U.S. dollar reserves of each participating country, could reach \$25 billion. It would be used to buy or to sell large quantities of money on international markets to stabilize the value of participating European currencies.

For accounting purposes within the joint fund and for large transfer payments among European central banks, the system would use a newly created monetary unit known as the "European currency unit," or (Continued on Page 2, Col. 8)

## Quebec Entertainer Strangled by Snake

LA TUQUE, Quebec, Aug. 21 (AP) — A 25-year-old nightclub entertainer lost control of a 7½-foot boa constrictor during his act early yesterday, and the snake strangled him before an audience of 150 persons.

Jean-Guy Leclair died at Club LaTuque here, 130 miles north of Montreal. "He seemed to miss a reflex, and the boa wrapped around his neck," said Gaetan Grenon, the manager of the club. When Mr. Leclair got blue in the face, Mr. Grenon said, he called police.



Armed Palestinian youths gather Monday on outskirts of Beirut after Israeli jets flew over area.

## Carter Details Steps Widening Air Service

By Fred Farris

WASHINGTON, Aug. 21 (IHT) — President Carter today formally presented a U.S. international aviation policy aimed at lower passenger fares and greater competition among the world's airlines.

The policy, which already has been put into effect by the United States, also is designed to give more U.S. cities international air service.

The president, in a statement enunciating his policy to encourage more airline competition at home and abroad, said that U.S. and foreign air travelers already are enjoying benefits from the policy. U.S. negotiators have been using it as a guideline in the last several months.

"Our policy seeks to encourage vigorous competition with the goals of permitting lower fares, better service to more cities and fewer government restrictions on charter travel," Mr. Carter said.

"Travelers of many countries have already benefited from recent agreements which reflect our competitive policy."

To Ease Negotiations

He added: "I hope that our formal statement, by making our position clear, will ease the difficult process of negotiating additional air agreements with other countries."

Mr. Carter said that the recently

signed U.S.-Israeli air pact shows how his policy works.

"It will permit healthy competition among our airlines, and, by giving Israel authority to serve four additional U.S. cities, it will greatly expand Israel's opportunity to provide air service between our countries," he said.

At a White House news conference, Transportation Secretary Brock Adams, whose department helped draw up the policy, noted that the agreement with Israel also allows airlines to cut fares between the two countries by up to 50 percent and permits low-cost charter service to Israel for the first time.

Mr. Adams said that the United States will negotiate air agreements with about 25 governments in the

next year. Talks with West Germany are scheduled to begin next month.

Mr. Adams said: "There will be more service from more points in the United States to all over Europe, and later Asia, at a lower price than before. It will let the middle American tourist and the middle American family travel [abroad] at fares they can afford."

The policy has six major objectives, the statement noted:

- To encourage price competition.
- To eliminate restrictions on charter travel.
- To eliminate restrictions on capacity, frequency and route operating rights.
- To eliminate discrimination

## New Air Slowdown Is Set

PARIS, Aug. 21 (AP) — Paris-area air controllers decided today in principle to resume their work-to-rule movement next weekend, raising the possibility of new disruptions for travelers.

After a general assembly of the major unions, the controllers said that plans for another national slowdown would be worked out tomorrow.

The unions said that they reached their decision after the

French government's refusal to meet their demands during a week-end of negotiations.

The controllers are seeking new equipment to cut down what they claim are safety risks for air travelers. They are also seeking a new wage structure.

Previous weekend slowdowns have resulted in delays for domestic and international air traffic and some flight cancellations in Europe.

## Russians Tow Crippled Sub

LONDON, Aug. 21 (UPI) — A crippled Soviet submarine was towed today by a Soviet tug off the northwest coast of Scotland as British and U.S. aircraft kept watch.

The 5,600-ton Echo II class submarine surfaced Saturday evening and was towed by the tug stationed off the Shetland Islands. The Russians also sent two guided missile destroyers, a minesweeper, a survey ship and an oil tanker as an escort.

The Soviet vessels were progressing slowly toward their naval base at Murmansk.

## House Unit Passes Bill for Americans Abroad

By Robert C. Siner

WASHINGTON, Aug. 21 (IHT) — A House committee has adopted a bill that would enable Americans overseas to participate in national elections without incurring local, state or federal tax liability solely because they exercised their constitutional right to register and vote.

Acting late last week, the House Administration Committee accepted a measure passed by the Senate in May of last year amending the Voting Rights Act of 1975. The 1975 law gave Americans abroad the right to register for absentee ballots in the states in which they were last domiciled.

The measure also would change the 1975 act to:

- Extend the right to vote by absentee ballot in federal elections to members of the armed forces in active service and their spouses and dependents, and members of the U.S. merchant marine and their spouses and dependents. These categories were not covered by the 1975 law.
- Recommend that a uniform system of registration be adopted

through use of the official federal postcard application as a simultaneous application for an absentee ballot.

- Broaden the requirement that overseas citizens must show a valid U.S. passport or State Department identity card to register and to vote. The rule would be revised to include any identification applicable to state or local election requirements.

- Direct that appropriate postal and state election officials be notified of the expedited mail delivery of ballot material.

The House committee amended Senate language that would have given the Defense Department sole responsibility for collecting and disseminating absentee vote information to citizens overseas and providing free postage for absentee registration. Instead, the Defense Department would be responsible only for military personnel and the State Department would disseminate voter information to U.S. civilians abroad.

The bill, which would affect an estimated 1 million absentee voters,

must still be passed by the full House and signed by the president. Supporters hope that action will be completed before the end of this session. There is little opposition to the measure, but Congress still has before it a number of major issues and the press of this business could delay action on the bill.

The changes in the voting laws were proposed after it was found that nearly 44 percent of the eligible voters abroad failed to cast ballots, largely because of confusion over possible tax liability.

In addition, hundreds of overseas voters who did register either did not receive their ballots or received them too late to cast valid votes.

The new law would effectively remove the threat of added taxation. Sponsors of the bill felt that the recommendations for uniform registration and immediate mailing of voting material would eliminate other problems.

While the bill would not impose a specific deadline on the states for mailing voting material, it contains language leaving open the possibility of such deadlines if serious mailing delays persist.



## Iranian Fire Survivors Charge Rescue Effort Increased Toll

TEHRAN, Aug. 21 (AP) — Shocked survivors of Saturday night's movie theater fire in Abadan and relatives of the 377 persons who died charged today that clumsy rescue efforts reduced the chance of escape for those who were trapped.

As the city mourned, the fire department became the target of bitter charges of inefficiency and lethargy.

Abadan's police chief, Gen. Reza Razmi, said that 10 teachers at a local school and three employees of the gutted Rex Cinema were being questioned as suspects in what he described as an extremist attack — the worst since urban violence began in Iran in November.

The chief government spokesman, Dariush Homayun, challenged opposition groups to "clarify their position" on the attack and warned that they could not claim the sympathy of the public and terrorists at the same time.

"My children became a sacrifice, a sacrifice to what, I don't know," said Jafar Saeedi, whose five children, aged 11 to 23, died in the blaze. "I would say that in court, too, if I could."

A newspaper quoted witnesses as saying that the fire department reached the site "very late," improperly equipped, and with the water tank of one truck empty. It said that they were threatening "to expose the inefficiency" of local officials when an official inquiry is held.

Premier Jamshid Amouzegar dispatched a team of officials to Abadan to investigate the cause of the fire.

Abadan's Moslem mullahs (priests) who call the hours of daily prayers) mounted minarets to ask for divine solace for the families of the dead.

The government, meanwhile, blamed opponents of Shah Mohammed Reza Pahlavi's reforms for the fire. In Tehran, there were fears that the incident could affect the program of democratic reforms announced by the shah this month.

Provocateurs Blamed

Gen. Razmi said that "anti-reform radicals" splashed gasoline around the outside of the theater and set it aflame. He named no particular group, but said that "provocative elements, and those who wear different masks to fight the Iranian revolution, were responsible."

Other theater fires in recent weeks have been blamed on Islamic fanatics who oppose the shah's reforms and demand that all public entertainment be closed during the current holy period of Ramadan. Since Ramadan began on Aug. 5, bomb or arson attacks have been made on movie houses, restaurants, nightclubs, banks and private and public buildings.

The police chief said that several of those arrested were carrying explosives when they were picked up. He said that two employees of the movie house were among the suspects, and the owner was arrested for negligence, because he did not heed police instructions to hire more attendants and guards.

All the country's major religious leaders except one condemned the massacre. The silent exception was Moslem leader Ayatollah Khomeini, an exile in Iran since 1963. He fled the country after campaigning against the shah's land-reform program because it provided for the sale or lease to peasants of the vast lands held by the mosques. His supporters have carried on an anti-shah campaign which in the last eight months has become increasingly violent and in which about 100 persons have been killed.

Doors Were Locked

Police said that the doors to the theater had been locked as a protection against terrorists, and most of those inside were trapped. A survivor said that many of the victims were trampled to death.

The fire broke out "on all sides of the hall," said Gholam-Hussein Nemayandeh, 20. "People cried and jumped over each other as they attempted to escape." He escaped through a roof exit.

Gen. Razmi said that, because of the fire and smoke, the firemen for some time could not get within 100 yards of the building or locate the entrance. They finally were able to knock out a wall "but only to pull out the carbonized bodies."

Radio Tehran announced a period of national mourning. All theaters in the country were closed yesterday. All businesses in Abadan, a city of 335,000 at the head of the Gulf, were closed today as relatives and friends of the dead attended funerals or memorial services.

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**A Hard Landing for a British 'Birdman'**

Jonathan Cole lets his fancy take flight on Sunday in an attempt to win a £1,000 (\$1,950) prize offered by a magazine for a man-powered flight of more than 50 meters. Above, he nosedives into the sea after launching himself from the pier at Bognor Regis, England. Below, his hopes and his fragile craft drift in pieces after his plunge. Contestants from throughout Britain flapped and flailed in what organizers billed as a national birdman rally.



**Before Secret Voting on New Pope**

## Conclave Ceremonies to Be Televised

By Paul Hoffmann

ROME, Aug. 21 (NYT) — The cardinals who will elect the next pope decided today to allow television cameras into the walled-off conclave area in the Vatican for worldwide relay of Friday's ceremonies preparatory to the voting.

But despite this bow to the media, the secrecy surrounding the choice appears tighter than ever.

Vatican observers say that Vatican officials are noticeably more reticent now than they were after the death of Pope John XXIII in 1963.

Little reliable information is available regarding the confidential talks that the cardinals are conducting to reach a consensus in the designation of candidates for the papacy.

A few cardinals who have consented to be interviewed talked only in generalities.

Secretary of the conclave, the cardinal who will elect the next pope, said that the lack of reliable news might conflict with the "culture of information." Yet, it contended, the news blackout was "guaranteeing the prestige of the [future] pontiff and the universal religious and moral mission that he will have to undertake."

The secrecy of the conclave was emphasized and strengthened by Pope Paul VI in rules laid down in 1975 concerning the vacancy of the Holy See and the election of a pontiff.

The 1975 legislation warned that the cardinals must not allow themselves to be swayed "by the intervention of persons in authority or by pressure groups, by the suggestion of the mass media, by fear or by the seeking of popularity."

Less Welcome

This exhortation may help explain why reporters and diplomats are even less welcome in the Vatican these days than they are ordinarily.

About 400 journalists from many countries have arrived to cover the conclave, and scores of ambassadors and embassy aides have cut short their summer vacations to report on the making of a new pope.

What they have obtained from Vatican officials so far is ceremonial detail, but no indication of how candidates for the papal throne are being selected.

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## Police Reportedly on Alert

## Anniversary of Invasion Passes Quietly in Prague

VIENNA, Aug. 21 (AP) — Prague was quiet today on the anniversary of the Soviet invasion 10 years ago, reports from the Czechoslovak capital said.

Police reportedly were put on full-scale alert to prevent demonstrations and rallies. There were no signs that residents were marking the anniversary of the intervention, which ended the liberalizing Communist movement known as the "Prague Spring."

[Reuters reported that students in Prague staged a silent vigil around a statue of their patron Saint Wenceslaus. A small batch of flowers was placed at the foot of the statue in Wenceslaus Square — a focal point of clashes in 1969 on the first anniversary of the invasion.]

An Austrian radio report from Prague said that police were out in strength, especially in Wenceslaus Square, but that they were courteous and apparently were trying to avoid incidents. The Austrian reporter said that police were especially watching gatherings of youths.

He said that only the most trusted Communists were on duty in the news media, and that less-trusted employees were given the day off.

Czech dissidents who arrived here a few days ago said that they knew of no plans for demonstrations in their country. They said that some persons might commemorate the anniversary by staying away from restaurants and places of entertainment.

Europe Demonstrations

PARIS, Aug. 21 (IFT) — Protests were held around Europe today on the 10th anniversary of the Soviet invasion of Czechoslovakia.

In Paris, about 900 persons demonstrated peacefully outside the Czechoslovak Embassy. The protest was organized by leftist groups.

The demonstrators carried banners saying, "Czechoslovakia free and socialist."

In London, it was estimated that 4,000 protesters gathered at Trafalgar Square, led by Soviet dissident Vladimir Bukovsky. Several British parliamentarians also were in the crowd.

In Oslo, it was estimated that 10,000 persons assembled.

In Rome, Czechoslovak diplomats called the police here today to clear their embassy of a group of extreme leftists who demanded to see the ambassador to protest the Soviet presence in Czechoslovakia.

The youths, in groups of two and three, entered the visa section of the embassy in a suburban Rome district, police said.

Then they produced placards reading "Russians Out of Czechoslovakia" and other slogans against the East European countries that took part in the invasion 10 years ago.

Czechoslovak diplomats tried unsuccessfully to persuade the youths to leave, but they demanded to see the ambassador to read a new monetary system.

Because of this, some European countries with poorer financial positions, including Britain and Italy, want joint European action to help their economies improve before any steps are taken toward a new monetary system.

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## The Topsy-Turvy World

When the British surrendered at Yorktown to the French and rebellious colonists, their hands played, most appropriately, "The World Turned Upside Down." One can hear echoes of that old march today, as the Federal Reserve acts to prop a falling dollar, and as Chairman Hua, of one Communist Republic, wanders through two other Communist republics to muffled cries of rage from the Soviet Union. Who would have thought, when the money men of the nearly victorious Allies met in New Hampshire's White Mountains a little more than 30 years ago, that the dollar would ever need propping? Or who, among the divided Allies in the late 1940s, would have guessed that one day the Stalinist empire would be mocked by some of its members?

Much that was assumed when World War II ended has been overturned. The hopes of close and constant global cooperation among the victors were the first to go — but for what it is worth, many of the fears that replaced those hopes are also shaken.

Yet the very speed with which the facts of 1945 became the myths of 1978 has its own lesson. Many of the phenomena studied in the world's chanceries and marketplaces today could change quickly, or be misinterpreted. The stream of history has reached flood stage in the 20th century — consider the transformations that took place between the armistices of 1918 and the renewal of global war less than 21 years later.

For instance, the dollar, whatever it sells for in yen, marks or francs, is still the currency of a land rich in natural and technological resources. More, it has already contributed much to the economic miracles that have renewed Western Europe and Japan. There are political and economic problems within the United States — but they are minuscule next

to those that so much of Europe knew when the war ended, and that so much of Asia and Africa still confront. The dollar is no longer almighty, but it is far from dead.

The same can be said of world Communism. It does not harken to every whisper from the Kremlin, not even in those lands where, just 10 years ago, Czechoslovakia was made to bend before the Soviet Union and other Warsaw Pact (except Romanian) tanks. The example of Yugoslavia's heresy is popular. Many Communist nations emphasize nationality over international Marxism; so do many Communist parties in non-Communist lands.

This has greatly reduced the power of Moscow to send satellite armies marching to a single drum. The acute frictions between China and the Soviet Union, as well as between a number of Asian Communist states, reduce simplistic fears of a major military operation moving in a straight line from the Far Left against the Center and Right. But the power of Communism, as a political reality, persists, whether it looks to Moscow, Peking, or some new version of the old Marxist-Leninist dogma.

And over the tangle hangs the threat of a kind of war — nuclear war — that could wreak more havoc than this century's global conflicts combined. So one of the threads of hope that can sustain the world's peoples is that this peril is at least recognized by those who hold the greatest nuclear power; that efforts are being made to contain the danger. For the hard fact is that nuclear bombs — bombs that stand ready now in missiles that can blanket the earth — could do more to turn the world, literally, upside down than all the diplomats, the soldiers, the politicians, the fanatics, who have affected human destiny in this stormy generation.

## The Sliding Dollar

The rise in interest rates Friday was the right opening move. In the last several weeks, the fall of the dollar's value on the world's currency markets has suddenly become much more dangerous. It was urgent that the Carter administration and the Federal Reserve Board respond. The Fed has increased its discount rate — the rate at which it lends to commercial banks — by half a percentage point. That's a necessary remedy, but it's not sufficient. What comes next?

Over the winter and spring, the administration's posture of benign neglect of the exchange rates was perfectly reasonable. Most of the movement was modest. The principal exception was the rise of the yen, resulting from Japan's huge and persistent trade surpluses. But since the beginning of July, things have changed sharply for the worse. Now the dollar is falling against most of the world's major currencies, the weak as well as the strong. The reason for this ominous change is a spreading impression, among currency traders and bankers, that the U.S. government either can't or won't reduce the level of inflation in the United States.

Exchange rates are swayed by people who have to gamble on the values of currencies months and years ahead. If they think that the dollar is going to depreciate faster than other kinds of money, they sell — and the prediction quickly tends to become self-fulfilling. When people sell dollars, the exchange rates fall. That increases inflation in two ways. Imports into the United States become more expensive and some of the domestic industries — steel, for example — happily raise their own prices as the competing foreign products get more expensive. At the same time, American goods become cheaper to foreign buyers, who bid up prices for Americans. Inflation and exchange rates are not separate issues.

How do the financial markets make up their collective minds about American intentions? The last two months provide a good illustration. At the end of June, the Secretary of the Treasury, Michael Blumenthal, said at the National Press Club that the Federal Reserve Board's high interest rates were forcing the administration to lower its estimates for economic growth. On the same day the Fed voted to raise the discount rate by a quarter of 1 percent. But it was a split vote, and the

Fed's new chairman, William Miller, had dissented. Currency dealers concluded that the administration was putting pressure on the Fed not to interfere with growth, and it had won over Mr. Miller. In July, Mr. Miller seemed to confirm that assessment when he began saying that interest rates would peak soon, he hoped, and begin to decline before the end of the year.

Meanwhile, the administration's energy program was in endless trouble in Congress. Financial experts, here and abroad, took that as a clear indication that the United States would do nothing about its inordinate imports of oil. They are contributing, of course, to inflation and the weakness of the dollar.

In late July, the government published the usual statistics on the nation's economic performance in the previous three months. They showed an inflation rate of over 10 percent a year. It meant that inflation was rising in the United States while falling in most other major economies. It also meant that the Carter administration had underestimated the speed with which prices were rising. The decline of the dollar began to accelerate.

Last week Mr. Carter summoned Mr. Blumenthal and Mr. Miller to discuss the dollar. The White House subsequently put out a statement to the effect that they would consider what to do. But, when you say that you will have to consider what to do, you inevitably leave the impression that you have no clear line of action in mind. The currency markets began to bounce around wildly. Then, on Friday, the Fed raised the discount rate again.

The conventional objection to higher interest rates is that they threaten to choke off business expansion and tip the country into a recession. But there is no simple choice between inflation and recession. Inflation at the present level will produce a recession — and, to judge from the 1974-75 experience, it can be a recession of great severity.

To bring down the inflation rate will require further increases in interest rates. It will require firm decisions to hold down oil imports. It will require a federal budget of great stringency. It is not a pleasant prospect. But if it seems excessively harsh, one need only think for a minute about the alternative.

THE WASHINGTON POST.

## International Opinion

### Rioting in Iran

No state could avoid response to the killing of policemen or to rioting. Nor could the Iranian government be expected to give in to those demands of the religious, which seek the restoration of a half mythical Islamic society. The answer lies in the liberalization that the shah says he is trying to pursue, to-

gether with a real movement toward the social justice that is supposedly the inspiration of the White Revolution. It does not lie with Chieftain tanks, for when you move an armored column on one of your own cities you make a confession of abject political failure that cannot be disguised.

— From the Guardian (London).

## In the International Edition

### Seventy-Five Years Ago

August 22, 1903

NEWPORT, R.I. — Over 11 miles of rugged country, the Monmouth County Hounds (Mr. P.F. Collier, master of foxhounds) hunted. Mr. John MacDonald came two coppers. Miss Anita Sands rode well, as did her guest, Miss Rosalie Street, who jumped some low walls. It has been a relatively good season for hunting in southeastern New England, and Mr. Collier and Mr. Alfred G. Vanderbilt are arranging a series of hunts for live foxes in southeastern Massachusetts.

### Fifty Years Ago

August 22, 1928

ASHLAND, Wis. — Cancer will never be cured unless the medical profession starts a "cancer panic," Dr. James Coupal, President Coolidge's personal physician, said here. Dr. Coupal deplored the tendency of physicians today to hush up both the rates of incidence and the effects of the disease in an effort to minimize its horrors in the eyes of the public. "Cancerphobia" must be inculcated into everyone over 31, the doctor said.



## China Breaking Out

By Joseph Kraft

WASHINGTON — The Chinese card is now being played by the only player in the world game that can play it — China. The treaty signed with Japan and the current foreign visits by Chairman Hua Kuo-feng are part of a large move to break an encirclement by the Soviet Union.

For the United States, rich opportunities — but also perils — accompany the Chinese move. Unless the United States is aware of the perils, it could face, five years from now, the worst of all possible outcomes — a Sino-Soviet rapprochement.

The Chinese began to break out last spring when Chairman Hua visited North Korea. Immediately thereafter the North Koreans started to tilt away from Moscow and toward the Chinese line on such matters as the Soviet presence in Southeast Asia and the Cuban presence in Africa.

There followed a Chinese accord with the European Economic Community embracing the strongest countries of Western Europe. Then came the visit to Peking of the president's special assistant for national security affairs, Zbigniew Brzezinski. That put the United States and China on what Dr. Brzezinski called a parallel "strategic" course.

### Major Development

The Japanese treaty is a major development by which Tokyo turns its economic power and developmental strategy away from Siberia and toward China. On his present trip to Romania, Yugoslavia and Iran, Chairman Hua will undoubtedly push for even stronger resistance to Russia by countries already determined to block further expansion of the Soviet empire to the south.

To a large extent the Chinese actions are only a logical foreign policy extension of the basic domestic policy decision to modernize agriculture, industry, the military and education. In order to modernize, Peking needs massive credits for investment, access to high technology both in the civilian and military fields, and the means for training thousands of young people in technical subjects.

It is already clear that the Chinese will be buying their military equipment in Western Europe. Most of their capital investment will come from Japan, along with much high technology. The United States will provide some technology and lots of training. The present prospect is that tens of thousands of young Chinese — a whole new generation, in fact — will come to the United States for graduate training.

But that benign interpretation is not the interpretation that is being placed on the recent developments by the Soviet Union. On the contrary, the Russians see the Chinese girding against them, and enlisting in that cause the Americans, the Japanese, the West Europeans and even the East Europeans and South Asians.

So we can expect a Soviet reaction to China's latest moves. Moscow will almost surely lean harder on Tokyo. The Russians may stiffen their position in the SALT negotiations. Or they might apply counterpressures around the Chinese borders — notably in Vietnam.

That is where a truly sharp pinch could come for the United States. For if the Russians develop a military presence in Vietnam, the Chinese are apt to ask for counter-moves by the United States. But

the United States, having suffered so much to save Vietnam from communism, would surely not be keen to intervene there for the sake of the Chinese. In the face of an American disappointment on their hottest border, the Chinese would certainly begin having second thoughts about Washington.

The danger of another Chinese slip flop, in other words, remains serious. The Chinese have unresolved questions affecting their leadership, the regional balance of power within the army, and the basic division of resources. Efforts to deal with these extremely hard problems have already caused Peking to flip back and forth between the United States and Russia. It is a foolish person who does not think another turn is possible.

But with the danger identified, certain measures to limit the risk can be taken. The Chinese ought not to be given false hopes of American willingness to participate in an anti-Soviet strategy. That means withholding any delivery of weapons, and even going slow on normalization of diplomatic relations.

The Russians can be told that the nature of the U.S.-China connection is up to them. If they continue to bully the rest of the world, the United States will be forced more and more to help the Chinese mount counterpressures against the Soviet Union. If the Russians act in a less aggressive way, then the United States will do its not-inconsiderable bit to keep the Chinese card benign.

## Industry's Future in Space Age

By Jerome Glenn

WASHINGTON — People don't realize the potential of the dawn of the space age. Like the wagon trains and railroads of the past, the space shuttle will open a new highway to prosperity. Economic development of space by private industry is about to begin.

Early space industrialization (as distinguished from the space colonization outlined by Princeton University Professor Gerard O'Neill) will take materials from earth, process them in space and export products back to earth. Eventually, the moon and nearby asteroids rich in bauxite, iron, titanium and silicone will be mined.

There will also be space business for space settlers. Company towns will be built in orbit and on the moon, opening up new markets for space transportation, communication, food, shelter and other necessities. Space industrialization will have the advantage of manufacturing and delivering to these space cities in a gravity-free environment, avoiding climbing in and out of the earth's gravitational well.

### Some Advantages

Space offers industry the advantages of perfect vacuum, zero gravity, solar energy, the elimination of weather-caused corrosion or rust, and the availability of temperature extremes. Manufacturing in outer space will be easier and far more efficient than similar terrestrial production. For instance, new alloys and composite materials can be made extremely strong, light in weight and temperature-resistant.

With the removal of impurities, vaccines made in space will reduce undesirable side effects. Other processes will include the production

of very large, high-purity crystals for electronic systems, and the creation of pure glass, free of container contamination, for optical, laser, and electronic uses.

Space vehicle launching costs in 1960 were \$10,000 per pound. With the space shuttle, the cost will drop to about \$200. It is anticipated that by 1990 the cost could drop to \$25. Space accounting, always difficult, is similar to including the costs of aviation research and development and airport construction in the price of plane tickets.

### Investment Factor

People often accuse the U.S. space program of being a waste of money. But according to the Midwest Research Institute, by 1969, the \$25 billion the National Aeronautics and Space Administration had spent on research and development had returned \$52 billion to the U.S. economy, with a projected total of \$181 billion by 1987. This added wealth is in the form of new products and processes in medicine, agriculture, education and consumer items, with additional savings in safety and testing equipment, longer-lasting metals and computer designs.

Space is one of the best investments a nation can make. It creates a favorable balance of trade by exporting technology, creating new jobs and increasing the tax base. It even tends to reduce inflation; 20 years ago, the office calculator cost \$300; now it is \$15, portable, and lasts longer.

A study by Chase Econometric Associates shows that if \$12 billion were added to NASA's research and development funds, at \$1 billion per year, \$144 billion would be added to the economy in 12 years. At that rate, taxes from the new wealth would make space investment profitable for the U.S. government by the ninth year. By the 10th year, it would reportedly add 1.1 million jobs while reducing inflation by 2 percent.

As long as materials are brought from earth to space for processing, there are no international legal problems. However, since 1974, the United Nations Committee on the Peaceful Uses of Outer Space has been negotiating a treaty to determine if lunar materials can be owned. It has the same complications as the U.N.'s Law of the Sea Conference negotiations for mining the ocean floor.

## John Dornberg From Munich:

[The question of what is a terrorist] has gained some urgency. . . not to mention that it has caused the government some embarrassing agonizing.

MUNICH — A terrorist, we are usually told, is a terrorist is a terrorist.

That question has gained some urgency in West Germany of late, not to mention that it has caused the government some embarrassing agonizing. Last week it loomed murely behind that barely noticed and peripherally reported hostage-taking in the West German consulate-general in Chicago.

The background to that strange drama, for those who may have missed or forgotten the prologue three months ago, is slightly more complex than the ostensible tale of militant Croatian separatists trying to extort the freedom of one of their brethren — in this case, on Stepan Bilandzic, who is in a Cologne jail awaiting possible extradition to his native Yugoslavia.

It begins, as do many stories around here, with the Baader-Meinhof terrorist gang, otherwise known as the "Red Army Faction." Last May, four of its alleged members were captured by police in Yugoslavia. Among them were Brigitte Monhaupt and Rolf Clemens Wagner, both suspected of playing a key role in the abduction and subsequent murder of industrial leader Hanns-Martin Schleyer in the fall of 1977.

Unlike previous such captures, however, it was not immediately trumpeted to the public as a stellar example of international police cooperation in the struggle against terrorism.

On the contrary, until forced by an imminent leak to the press, the Bonn government sat for more than two weeks on what would have been a good news.

The reason for that blackout became apparent as soon as it was lifted: The news wasn't so good after all.

Though both Bonn and Belgrade skillfully avoided mentioning a direct link, it appeared that the Yugoslavs were making extradition of the four dependent on West Germany's reciprocal delivery of eight militant Croatian nationalists. They are wanted back home as suspects in an array of violent acts ranging from bombings to assassination against Yugoslav diplomats in West Germany and in Yugoslavia itself.

All are members of nationalist Croatian emigre groups, including remnants of the Ustasha, whose history of violence goes back to 1929.

Whatever the truth of that, Chancellor Helmut Schmidt's government is in a bind. First of all, its extradition demands are based on somewhat shaky legal grounds, largely because they were hastily put forward after the arrest of the four Baader-Meinhof suspects. That explains in part why all the Croatians originally apprehended at Belgrade's request, with the exception of Bilandzic, had been released pending final court rulings.

Moreover, it is inconceivable that Belgrade could afford simply to release its four pawns in this sinister trade if, ultimately, it does not get Bilandzic. Baader-Meinhof suspects, after all, are Baader-Meinhof suspects.

### Solar Power

Another possibility, one that could get us off the nuclear book, is solar-power satellites. Congress recently passed a bill to study their feasibility. If it can be shown that there is no dangerous environmental impact, giant solar collectors could transmit enough microwave energy to terrestrial electric grids to supply electricity around the world.

On a smaller scale, the individual entrepreneur can book space on a shuttle flight for only \$10,000. This opens the door of space industry directly to small businesses for the first time. But so far, the country has been slow to explore the economic rewards to be found above the stratosphere. Great American fortunes were made in shipping, railroads, automobile oil and electronics, among other things. The next great fortunes may be made in space. Political and scientific pursuits got us up there in the first place, but only dollars and cents are going to keep us there.

Jerome Glenn, executive director of Future Options Room, a research organization in Washington, D.C., is co-author of the forthcoming "Space Trek." He wrote this article for The New York Times.

While West Germany has never condoned their violence, the Croatian militants have enjoyed a measure of considerable sanctuary in this country, where their standing commensurate with that of other East European anti-Communist groups, referred to by their supporters — in influential conservative political circles, particularly the Christian Democratic Party — as "freedom fighters."

Though murder is murder and terrorism is terrorism — to paraphrase a widely propagated axiom in these parts — there still seems to be a difference between those who engage in either, and for what purpose.

Be that as it may, West German authorities rounded up the eight Croatian nationalists on Belgrade's shopping list — some of whom are West German citizens — and started the protracted legal procedure that could lead to their extradition.

One of the eight — the most prominent and the man most wanted by Belgrade — was Bilandzic, head of a group calling itself the "Croatian National Resistance," who has already served time here for his role in the fatal 1962 bombing of the Yugoslav mission in Bonn.

Ten days ago a Cologne court ruled that Bilandzic could be extradited. While that ruling is now subject to appeal, and the ultimate decision is up to the Ministry of Justice, the results were predictable.

Croatians staged a protest demonstration in Cologne.

One of Bilandzic's lawyers threatened that extradition would trigger a wave of violence, compared to which "Baader-Meinhof terrorism will have seemed like a mosquito."

And then there was Chicago, in which Bilandzic's brother and another attorney played what was seen here over the weekend as a "somewhat strange and not entirely coincidental role."

The suspicion is being rampantly voiced in various editorials that the hostage-taking there was not intended so much to extort Bilandzic's freedom but to place him in the convoluted role of a "madame mediator" pleading with the Chicago militants from his Cologne prison cell.

Whatever the truth of that, Chancellor Helmut Schmidt's government is in a bind.

First of all, its extradition demands are based on somewhat shaky legal grounds, largely because they were hastily put forward after the arrest of the four Baader-Meinhof suspects. That explains in part why all the Croatians originally apprehended at Belgrade's request, with the exception of Bilandzic, had been released pending final court rulings.

Moreover, it is inconceivable that Belgrade could afford simply to release its four pawns in this sinister trade if, ultimately, it does not get Bilandzic. Baader-Meinhof suspects, after all, are Baader-Meinhof suspects.

But conversely, can West Germany afford not to hand over its man?

The dilemma is comparable to the one that arises with each hijacking of a Czechoslovak airliner to West German soil — and within the past year there have been three. The hijackers have all been Czechoslovaks seeking to escape that grim and repressive country, for obvious reasons. But to date — international agreements and pronouncements notwithstanding — none has been extradited. And judging from past performances, the sentences they are likely to receive from West German courts — if any — will be mild.

One country's freedom fighter is still another's terrorist, and one's hijacker is the other's refugee entitled to sanctuary.

Political motivation, be it ever so absurd or patently valid, is a claim they all make; even the Baader-Meinhof members. But can courts of law be expected to make judgments on such claims? By what yardstick? Ours or theirs?

West Germany's supreme court in Karlsruhe, at any rate, will soon have to make such a judgment, for that is where Bilandzic's appeal against extradition currently rests.

The hope in Bonn is that the court will absolve the government of a final decision.

But those justices have quite a track record for passing the buck.





Sir Max Mallowan and Agatha Christie in 1933.

## Obituaries

## Sir Max Mallowan, 74, A Leading Archaeologist

LONDON, Aug. 21 (AP) — Sir Max Mallowan, 74, a distinguished British archaeologist who was married 46 years to mystery writer Agatha Christie, died Saturday, his London publishers said today.

Sir Max died at his Oxfordshire home, said a spokesman for Collins, who published his memoirs last year. The cause of death was not disclosed.

Sir Max married Agatha Christie in 1930 after they met while he was excavating an ancient site in the Middle East. She spent much of her time accompanying her husband to dusty excavation sites and helping out on the digs.

"You can imagine," she once said, "the thrill of rubbing away the dust and dirt and finding, say, an amulet worn 7,000 years ago."

They remained together until her death in 1976 at the age of 85. Last year, Sir Max married again. His second wife, Barbara Parker, is also a British archaeologist.

Sir Max, knighted in 1968, was a trustee of the British Museum, where many of the relics he unearthed in the Middle and Near East are preserved. These include a rich collection of Assyrian ivories discovered at the Assyrian capital

of Nimrud during the years 1947-58.

For many years, he was a fellow of All Souls College, Oxford University, and professor of Western Asiatic archaeology at London University.

One of his earliest assignments was as a staff member of the Museum of the University of Pennsylvania expedition to Ur of the Chaldees in 1925-30. Later, he was director of the British School of Archaeology in Iraq.

He edited a series of books on the Near East and Western Asia for Penguin Books and wrote numerous books and articles on excavating and archaeology.

## C. William O'Neill

COLUMBUS, Ohio, Aug. 21 (AP) — Ohio Supreme Court Chief Justice C. William O'Neill, 62, who had held the top positions in all three branches of state government, died yesterday.

Mr. O'Neill, a Republican, was a state representative at age 22 and speaker of the state House at 30, the youngest ever in Ohio. He was also the youngest attorney general at 34. In 1957, when he was 40, he became governor. He was elected Supreme Court justice at 44 and was appointed chief justice 10 years later.

At his death, Mr. O'Neill was chairman of the National Conference of Chief Justices. He led the association in a study of the use of electronic media in the courtroom and supported televising trials.

In four decades of elective office, Mr. O'Neill lost an election only once — in his bid for a second term as governor in 1958.

## Richard B. Fowler

MORELIA, Mexico, Aug. 21 (AP) — Richard B. Fowler, 76, former president and editor of the Kansas City Star, was killed in a car-truck crash 125 miles west of Mexico City. His wife, Elinor, was also hospitalized with a concussion as a result of the accident Saturday.

Mr. Fowler retired in 1968 after nearly six years as president and editor of the Star, and he and his wife moved to Guadalajara, Mexico.

## Chemical Seen Upsetting Balance of Marine Life

By Bayard Webster

NEW YORK, Aug. 21 (NYT) — PCB, the toxic industrial chemical that is found in most of the world's oceans, lakes and rivers, is now believed to play a hitherto unsuspected and subtle role among the microscopic plants and animals that are a vital part of the marine food chain.

The chemical, polychlorinated biphenyls, is widely used in the production of plastics, paints, hydraulic fluids and insulators. About as nondegradable as its long-lived cousin, DDT, it has been found in most forms of marine life and is known to cause deformities in shore birds and other animals that feed on PCB-contaminated fish and plants. Last year the Environmental Protection Agency banned direct PCB discharges into the nation's waters, and four months ago Wisconsin closed several of its best fishing rivers after PCB traces were found in fish in them.

The latest finding indicates that PCB concentrations are damaging or fatal to the larger types of phytoplankton, microscopic plants of the algae family. A decrease in their numbers affects the food supply of the zooplankton, the slightly larger herbivorous animals that feed on the tiny plants. The zooplankton, in turn, are normally consumed by tiny fish that are consumed by the size of fish that attract fishermen.

The smaller sizes of phytoplankton, those smaller than nine-millionths of a meter in diameter, however, were relatively unaffected by the PCBs. But many types of zooplankton are selective eaters, often choosing food on the basis of size, shape and species. Thus, if there are not enough large-size plants for those animals that prefer them, the number of predator zooplankton will decrease, affecting the marine food chain.

The short-circuiting of the food

By Walter Sullivan

NEW YORK, Aug. 21 (NYT) — Cut off the leg of a salamander, newt or axolotl and it will grow another. But amputate a human limb and no such regeneration occurs. It is even possible to generate an entire frog merely by combining the nucleus of a cell from the body of one such animal with the egg cell of another whose nucleus has been destroyed.

According to a Soviet press account, Prof. N. Polezhaev of the Institute of Developmental Biology in Moscow has achieved regeneration of limbs in newly born opossums and rats and has predicted that such restoration may ultimately be possible in human beings.

U.S. researchers in this area are not willing to dismiss such claims out of hand. They note that the opossum is a relic of an early stage in mammalian evolution and shows some regenerative ability. They are more skeptical of the rat report, although in Britain very young children have reportedly regrown fingertips, including some joint structure. As with limb regeneration in newts, this is inhibited if skin or scar tissue covers the wound before regrowth begins.

Some experimenters believe that the question of why regeneration occurs under some circumstances and not others may be answered soon. The problem centers on the manner in which genetic information within the cell nucleus controls development and function of the body from conception to death is turned on and off.

## Emerging Clues

Clues have emerged from the experiments of Dr. John Gurdon, now at the Institute of Molecular Biology in Cambridge, England, in which the cell nucleus from one frog was inserted into the egg from another.

This, on occasion, leads to the development of an intact frog. It is always identical to the frog from which the nucleus was taken, not to the "mother" who produced the egg.

The implication seemed to be that genetic information is expressed in the specialized cell nucleus (such as that from skin) was turned on again by something in the egg cell. Normally, as an organism develops from the fertilized egg, progressively subdividing into millions of specialized cells, genetic information in the cell nuclei is progressively suppressed.

When the egg first splits, the resulting cells, if separated, can evolve into complete individuals, but with further divisions the capabilities decrease. At the Developmental Biology Center of Case Western Reserve University in Cleveland, Dr. Arnold Caplan has been tracing this process in chick embryos.

## Early Identification

He and Dr. Charles Ordahl, now at Temple University Medical School in Philadelphia, have found that cells destined to evolve into a leg can be identified early in an embryo's development when, only a few cell divisions earlier, they could have become either heart or limb tissue. The two men believe that, contrary to previous interpretation of the Gurdon experiments, this switching off cannot readily be reversed.

Instead, as stated by the researchers in the July 14 issue of the journal Science, they propose that "within any tissue of a developing organism, there persists a pool of cells with relatively unrestricted or uncommitted nuclei and that this pool decreases in size as the organism becomes more highly developed."

This is thus believed to possibly decrease the number of food fish that would normally be available in any specific area.

The findings of the project, conducted by scientists at the Marine Sciences Research Center of the State University of New York at Stony Brook, Long Island, were published in the current edition of the journal Science.

The researchers, using a tidal marsh on the south shore of Long Island Sound as their laboratory, suspended several species of phytoplankton in natural waters for from 4 to 10 days. The algae were exposed to varying amounts of PCBs, ranging from none to 10-millionths of a gram per liter. The scientists found that even small amounts of the chemical significantly affected the mortality, growth rate, size and chlorophyll production of the larger sizes of phytoplankton.

They concluded that PCB pollution in the chain that leads from microscopic organisms to fish that can be harvested by man could result not only in contaminated fish and a lessening of fish production, but also an alteration of the natural marine food web that might eventually have unknown and serious consequences.

## 2 Ancient Tombs

Discovered in Italy

AVELLINO, Italy, Aug. 21 (UPI) — Archaeologists have discovered two tombs dating from the 6th century B.C. containing vases and household articles, city officials said yesterday.

The officials said that the tombs were found near the village of Casalbore, 43 miles from this southern Italian city. They said that the vases and other artifacts found in the tombs were well preserved.

## Researchers Hunting the Key to Regeneration of Human Cells

This, they say, would explain why Dr. Gurdon has had much greater success with nuclei from very young embryos than with those from fully developed animals, where only 1 in 100 developed normally.

Dr. Caplan, in an interview, said the same effect may explain the decline with advancing years of the ability of muscle to regenerate — a phenomenon some link to the aging process.

The two men note that the diversity of genetic information printed out chemically, by the nucleus declines as an organism develops. For

example, after a chick embryo passes the 16th day there is a 50 percent drop in this diversity (recorded in terms of messenger ribonucleic acid). They attribute this to "a massive repression event."

## Reserve Information

Furthermore, at least in some organisms, it appears that considerable information is kept in reserve by the nucleus and only rarely printed out. At the University of Denver Medical School it has been found that this is true of about a third of the information units (genes) in nuclei of certain intestinal bacteria.

Each such gene is printed out in only one per several hundred bacteria. This reserve of genes may provide a reservoir of traits capable of coping with sudden environmental changes.

Drs. Caplan and Ordahl also point to one respect in which frogs, genetically speaking, are mightier than men. Their cell nuclei contain a larger archive (in terms of DNA or deoxyribonucleic acid) than human cells, but the reason is unknown.

In seeking to explain the regeneration of limbs the two researchers note that in no case has it been

shown that a differentiated cell — one, for example, of cartilage — has reverted to a state capable of developing in other directions. They propose, instead, that when a salamander leg is cut off, a few cells in the vicinity of the wound that still have embryonic traits proliferate to develop bone, muscle and other tissue, following the blueprint for leg structure coded into their nuclei.

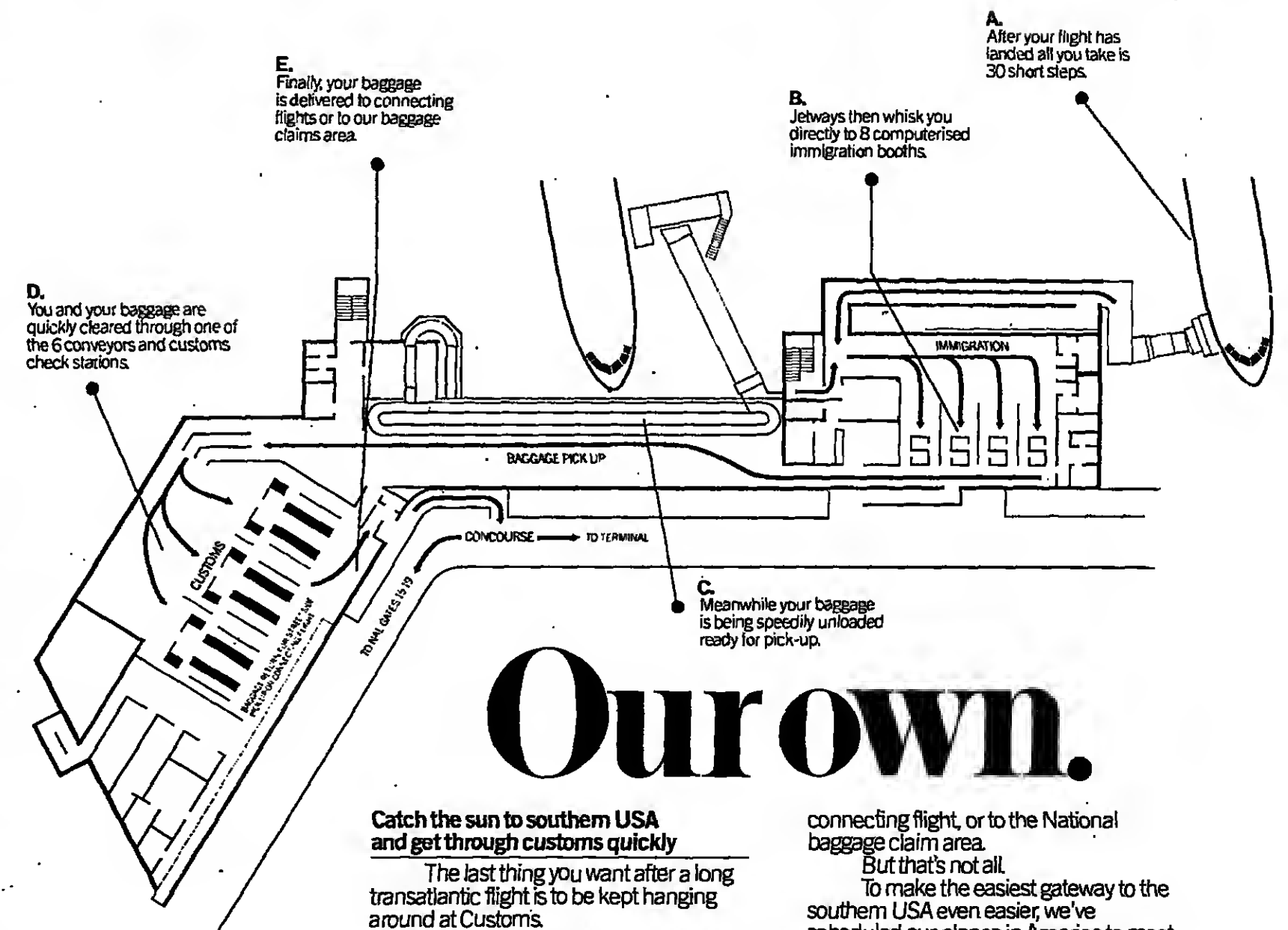
As pointed out by Dr. Caplan, regeneration seems to occur most readily in the very young. When it does (known as testicular teratomas) attack male germ cells — in a sense the youngest cells of all —

they may evolve any one of a wide range of specialized tissues — eye, tooth, liver and so forth). He sees this as evidence that all genes in such cells are still open to activation.

The two researchers do not claim information in specialized cells is irretrievably turned off. The repression, they say, "does not mean that crafty molecular biologists cannot find mechanisms to derepress these genes."

They note that whole plants can be grown from single root or leaf cells. Techniques for turning genetic information back on, they add, "are now emerging."

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## Doctor in U.S. Picks Pockets; Eases Back Ills

CHICAGO, Aug. 21 (AP) — A New Jersey physician says that he cured two male patients of back pain by simply removing their wallets from their hip pockets.

Dr. Elmar Lutz of St. Mary's Hospital, Passaic, reports on the two cases in a letter in the Aug. 25 issue of the Journal of the American Medical Association.

A 52-year-old salesman complained of having suffered from sciatica for 14 months before Dr. Lutz noticed that he carried a thick wallet in a hip pocket on his painful left side. (Sciatica is pain along the sciatic nerve at the base of the spine. It manifests itself with pain in the thighs, lower back, and hips because that nerve transmits messages to the brain from that area.)

The wallet carried by the salesman was an inch and a half thick, filled with credit cards. Dr. Lutz told him to stop carrying it in his hip pocket. The other patient, a 35-year-old man, complained of having had pain in the right thigh and lower back for eight years. He also suffered from numbness in the right foot.

Transfer of his inch-thick wallet, also filled with credit cards, from his hip pocket to his jacket pocket relieved his pain, said Dr. Lutz.

## Fired Employee Cited in Blast on Philippines Jet

MANILA, Aug. 21 (AP) — Government investigators say they have identified an airport electrician, dependent over losing his job, as the person responsible for a bomb explosion on Friday aboard a Philippine Airlines jet.

Officials said that Rodolfo Salazar, 36, had just been fired at Cebu in the central Philippines, where the flight originated, and had named his wife as the beneficiary of a \$5,333 accident insurance policy that he bought at an airport counter on Thursday.

The explosion ripped through the rear lavatory of a BAC-111 carrying 84 persons. It wounded three passengers, as well as projecting Mr. Salazar, who apparently was setting the bomb in the toilet, through a hole in the fuselage. The plane was flying at 23,600 feet over the Sibuyan Sea, 120 miles south-east of here.

Police said that Mr. Salazar sold his watch to buy his ticket. He took a seat in the rear, and a woman passenger who sat beside him thought he was drunk. She said that he went to the lavatory moments before the explosion — and never came out.

## National Airlines



## Lifelong Handicap Predicted

## A Report on Children Bearing Children

By Patricia McCormack  
NEW YORK (UPI) — Reproductive health care, according to authorities, is severe and long-lasting, according to reports published in the magazine "Family Planning Perspectives."

Teen-age parents, fathers as well as mothers, suffer educational, social, psychological and financial setbacks likely to stunt their development. The report, published in the magazine "Family Planning Perspectives," is a special "Teen-Age Pregnancy" issue of the Planned Parenthood Federation of America journal.

The era of "children bearing children," as the epidemic of teen-age pregnancies is called, involves each year about 1.1 million giving birth or obtaining abortions or having miscarriages or stillbirths.

The reports link teen-age childbearing to school dropouts, out-of-wedlock births, marital discord, and, often, a likelihood of going on welfare.

Sexual activity among teen-agers, a spinoff of the sexual revolution, continues unabated, according to the reports.

Millions of teen-agers, it shows, continue to learn by doing while adults and the establishment debate over the wisdom of installing sex education in schools or as a community service.

Part of the price paid: Tens of thousands of sexually active teen-age girls become sterile each year from the venereal disease, gonorrhea.

The federation, which operates on a \$70-million-a-year budget, suggested that teen-agers go to clinics which serve adults when they want contraceptive help. It was recommended that clinics be opened in 592 counties where none exist.

Among the special reports in the teen-age pregnancy issue, one from Project Talent is touted as probably "the first" to show that adolescent childbearing is a cause of dropping out of school — independent of other factors such as scholastic aptitude and achievement and socioeconomic status.

Project Talent is a continuing study of 375,000 students who were in junior or senior high in 1960. The current "Talent" report, by analysts at the American Institutes

for Research in Palo Alto, Calif., is based on four sets of interviews taken up to 11 years following graduation.

It shows:  
• Adolescent mothers and fathers did not complete as many years of schooling as their classmates. The lower their age at first birth, the fewer years of school completed.

• The toll of early childbearing was greater upon the young mothers, in relation to their classmates, than upon the young fathers. This reflects the reality that "women bear the child and, in most cases, accept greater responsibility for rearing it." At all stages, those who became mothers in their teens "have less prestigious jobs, have lower incomes, and are less satisfied with their jobs" than their classmates.

• Adolescent parents experience greater separation and divorce rates and are more likely to marry persons of limited education or occupation than their classmates. Eleven years out of high school, fewer than 10 percent of the teen-age mothers' spouses had college degrees — compared with more than 40 percent among their classmates' husbands.

Highlights of other reports in the "Teen-Age Pregnancy" edition of "Perspectives":

• By 1984, if current levels of sexual activity, contraceptive practice and abortion among teen-agers continue, 21 percent of today's 14-year-olds can expect to give birth; 15 percent will have abortions; 34 to 39 percent will have one or more pregnancies while in the teen-age years.

• Teen-age mothers are much more likely to be forced onto the welfare rolls than those who defer childbearing. Half of the \$9.4 billion that the U.S. government is spending on Aid to Families with Dependent Children (the nation's major welfare program) goes to households with mothers who gave birth in their teens.



Showing younger generation a traditional skill.

## Keeping an Ancient Skill Alive

## Belgian Craft: Eisenhower and Old Lace

By Rona Dobson

ALST, Belgium (IHT) — Lace has been big business in Belgium since the 16th century, and the Flemish countryside, where most of the lace is made, has long been a source of the world's prettiest lace.

Charles de Saedeleer, white-haired and courtly and at 87 still very much in command of the artistic side of his 120-year-old, family-lace enterprise, laments the passing of the old days, but he stays in business. "It's hard for the real lace-makers using the old methods these days to compete with the machine-made output flowing out

of the Far East," he said. "For us, though, it's a point of honor to keep Belgium a top name in quality lace."

By "us" De Saedeleer means his daughter, Myriam, who has taken over the running of the business, and the 60 skilled women who make the lace in his designs in their homes. "We used to have many more working for us but lace-making by hand is a real craft that requires skill and talent and few younger women nowadays have the patience for such a meticulous occupation."

Lace-making requires patience, and long hours are put in at home at a bobbin or cushion or frame; it is also, for such a skilled craft, woefully underpaid. "Our lace workers accept a rate for the job that is far from a fair recompense for results," De Saedeleer said. "They know that if we tried to catch up with today's rates the business would just fold, and there would be no more lace-making at all."

Demand, he said, has decreased drastically all over the world as lace has dropped out of the fashion picture, but traditional items and patterns, like table linen, luckily have stayed in favor.

Myriam de Saedeleer ("It's really Mrs. de Groote but everyone is so used to my maiden name and my husband doesn't mind at all, he's very proud of our involvement in lace") becomes indignant over the notion that it is too difficult to launder lace in the home. "Lace only looks fragile, it's perfectly practical," she said. She dispenses the common remedy that salt rubbed in at once on red-wine stains will save the cloth. "But if the wine has dried because the hostess was too polite to take immediate action, then ice cubes piled onto the stain first, followed by rubbing with a good dry white wine — it must be dry, not sweet — will do the trick."

The De Saedeleer home is a large, handsome house surrounded by garden and orchard in a village in the countryside near Alst, and it serves as business premises as well. Handmade lace pieces are brought there from cottages and farmhouses. Charles de Saedeleer was one of the first to start exporting lace to the United States. Exports now also go to Australia, Canada and South Africa.

Two or three times a year the family opens the home for group visits, often of foreigners. "We ask some of our lace-makers to come in and work here on open days," Myriam de Saedeleer said. "So visitors can see how it's done, right through from the bobbins to the final stitching onto linen insets, the only operation the women have to do by machine."

Visitors can wander through the rooms to see the antique lace pieces hung on walls and watch the lace

workers in upright chairs, busy at the intricate process of plaiting and twisting, undisturbed by the audience.

The family has had some famous visitors, too. When Dwight D. Eisenhower's son, John, was U.S. ambassador to Belgium from 1969 to 1971, his wife regularly bought lace there, and she and Myriam de Saedeleer still keep in touch. Once, Mrs. Eisenhower brought along her daughter-in-law, Julie Nixon, who ordered a set of table linen for her sister Tricia.

De Saedeleer, too, has an Eisenhower connection — a letter of thanks from the White House signed by President Eisenhower. "Gen. Eisenhower's niece was in Belgium on field work just after the war," Mr. de Saedeleer said. "She discovered us here in our little Flemish backwater and often came to visit so I gave her some lace for the president."

Favorite designs in steady demand are named Peacock, Pineapple, My Jewel, Seascape, all De Saedeleer originals. Mr. de Saedeleer draws on four thicknesses of paper, then uses an electric stylo to pierce a series of pin holes along the lines of each drawing. The various patterns of the pinpoints is an indication to the lace workers of different types of stitching.

"Thank heaven for progress. Twenty years ago I had to do all this by hand, using a pin to prick the holes," he said. Now his powered pencil skims along, and although it is close and demanding work, his hand never wavers and his eyes concentrate without strain as he sits in front of a ground-floor window looking out to the garden and the countryside.

Proposition 5 seeks to clear the air by William Endicott

BERKELEY, Calif. — Tim Berkeley led a visitor up the stairs to the second floor of a nondescript two-story house, over a stack of clean diapers and into a bathroom where a baby's playpen sat in one corner.

The room, he said, would offer a quiet place to talk because it was away from the bustle and bustle downstairs, where ringing telephones and clacking typewriters marked Berkeley's house as a command post for a California anti-smoking coalition that has thrust tobacco into the forefront of state politics by qualifying Proposition 5 for the November general election ballot.

And whether Berkeley and his colleagues intended it that way or not, the unpretentious, even ramshackle, headquarters-home clearly makes a point they would like made — that they are merely Davids against the tobacco industry's Goliath.

Essentially, Proposition 5 would outlaw smoking in almost all workplaces and enclosed facilities open to the public — with a few specific exemptions — and impose restrictions on smoking in other places such as restaurants and private offices. Violators would be subject to arrest and a fine.

On the one side is the coalition, made up of the California Group Against Smoking, the American Cancer Society, the California Lung Association, the California PTA, the California Medical Association, and the Sierra Club. They call themselves Californians for Clean Indoor Air.

And on the other side is an alliance of cigarette manufacturers, labor leaders, a former Republican gubernatorial candidate, an Ameri-

## Started With London Guide

## A Potential Potentate Of the Leisure Business

By Naomi Barry

VENICE (IHT) — Shortly before noon one day last month, Jim Sherwood's private jet touched down at Limoges airport. Out stepped the 44-year-old, self-made millionaire, U.S. shipping magnate, Shirley, his English-scientist wife of less than a year, and a Sherwood lieutenant on nonshipping projects. Awaiting the plane from London was the director of the Hotel Cipriani in Venice, who had made the 10-hour, 12-hour trip overland.

Sherwood — baby-faced, affable, and lately veering to plumpness — got behind the wheel of a rented car, consulted a map that traced directions to the hotel restaurant, the "Galleria," and, "only set off."

After lunch, the quartet drove to several of the porcelain factories for which Limoges is famous. The Sherwoods selected a pattern, ordered \$60,000 worth, the jetted back to London where Sherwood keeps the main offices of Sea Containers.

The china was not for their residence in the Boltons area of London (one-time home of Sir Arthur Sullivan of Gilbert & Sullivan) but for the Cipriani, a property Sherwood acquired from the Guinness family two years ago.

He had first been smitten with the luxury hotel at the tip of the Giudecca, a few years back when his yacht, after cruising the Greek islands, disembarked him in Venice. Choosing new coffee cups for the suites is but an indication of his personal involvement.

Bathing in the Round  
Before the takeover, the Cipriani ran in the red even though it offered such attractions as an Olympic-sized swimming pool five minutes by launch from Harry's Bar and the Piazza San Marco. Sherwood, who operates by delegating to top people with a flair for relinquishing extensive final say, hired the director of Venice's hitberto No. 1 hotel, gave him a green light on changes, then ran faster himself by engaging Paris decorator Gerard Galle to design a series of bedrooms and baths whose opulence would impress the young international millionaire crowd.

Galle, who understood you don't have to be old to be rich, installed round bathtubs, circular glass-bath-room walls to be screened off by sliding panels if so desired, beds on platforms, and private terraces conveniently giving on to the pool for before-breakfast plunges or mid-night dips.

The tubs are hell for the staff to clean, but guests are so enamored of the new quarters that they invite other guests on tours of inspection. Helping Sherwood fill the Cipriani with people who will glitter up the premises is Billy Hamilton, a fork-tongued Irish wit and London publicist, who is on a buddy-buddy basis with the titled, the affluent, and the very bright of two continents.

The first event of the 1978 season to show the Sherwood touch has

been the joviality of a smart multi-national house party where lots of the people already know each other and the guests were young enough to include even some well-dressed, well-behaved, beautiful children.

The Cipriani is the first stone in a parallel career that may establish Sherwood as a potentate in the leisure-time business. Unpretentious, Jim to nearly everybody, his appearance belies the calculated drive that has catapulted him to one of the success stories of our time.

Nobody Listened  
Born in Lexington, Ky., economic degree from Yale, three years in the Navy, he worked in Paris 1961-1963 with the U.S. Lines. The prior executive tried to convince his seniors that the future of freight lay in container shipments. Nobody listened. In 1953, Sherwood and two youthful friends, Joe and Men Pinto, each put up \$10,000 to start Sea Containers.

Quoted in 1975 as being worth more than \$5 million, Sherwood laughingly remarked not long ago, "Don't say I am worth double that now, because it is a lot more."

His first public emergence as a bon vivant was in 1975 with "James Sherwood's Discriminating Guide to London." Edited by the late Susan Blackburn, but expressing all of Sherwood's loves and hates in restaurants, it included his recommendations for shops, museums and art galleries. A revised edition appeared in 1977. Both were published by Heinemann but the wide distribution was engineered by Sherwood.

The 1977 edition awarded new stars to Sherwood's first London favorites: The Capri Hotel, Estimote, Carrier's, Le Waterhouse, Ma Cuisine, and the Waterside Inn. Twenty-seven establishments were admonished in detail under the heading "Not for Us." Cited as failing "to meet our standards" were 117 others.

Sherwood's Railroad  
Dovetailing with his new role as a Venetian hotelier was Sherwood's widely publicized purchase at auction in Monte Carlo last October of two luxurious Wagons-Lit. Since then Sherwood has been quietly buying up retired Pullmans and sleepers, mainly ferreted out in Italy. The rolling stock now numbers 24. The cars are being refurbished and in 1980 Sherwood's railway should be operating between London's Victoria Station and Venice. A certain percentage of the passengers obviously will be ferried immediately to the Cipriani.

By the end of 1978, a Cipriani eating club is scheduled for London. Associated with Sherwood is this venture is Mark Birley, owner of the successful Annabel's and Mark's.

A forerunner for his public was Sherwood's London wedding reception for 300 last New Year's Eve. He flew in a Cipriani chad to prepare its celebrated green pasta.



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## Amid Concern Over Foreign Buying

## U.S. Farmland Prices Bid Up Briskly

CHICAGO, Aug. 21 (AP-DJ) — Amid increasing concern over the role of foreign buyers, bidding for U.S. farmland is brisk and prices are rising again after leveling off late last year.

Efforts have been made in Washington to curb farmland buying by foreigners, but optional legislation has not yet been adopted. Twenty states, however, have major restrictions against ownership of land by foreigners, in some cases even including ownership by residents of other states. Another five states have less stringent restrictions.

However, action against foreigners buying U.S. land is inhibited by lack of information, such as how many there are. To find out, the House Agriculture Committee and the Senate recently approved bills requiring foreigners to report their landholdings.

It is estimated that 63 percent of U.S. farmland is owned by the farmers who work it. Another 5 percent is rented from other farmers, and 32 percent is rented from investors who do not intend to farm. Most of these landlords are retired farmers or their heirs. So far, only about 1 percent of U.S. farmland is owned by foreigners, the Agriculture Department estimates. Although foreign investors have taken the brunt of recent criticism, most farmers do not see much difference between absentee U.S. landholders and those who live abroad.

## 3% Annual Turnover

About 3 percent of U.S. farmland changes hands each year. Department sources say buyers will probably pay slightly more than \$15 billion for it this year, up from \$14.68 billion last year, boosting average land prices 6 to 8 percent this year. On average, U.S. farmland is valued at \$490 an acre, the department estimates.

However, some farm leaders and other observers claim too much

land is bought by outsiders. "Our farmers are in a vulnerable position in competing with foreigners," says Harold Steele, president of the Illinois Farm Bureau, the state's largest farm group. "Oil cartels and other speculators can buy land with devalued dollars," he says, referring to the higher purchasing power of foreign currencies as the dollar declines.

Other farm officials say such arguments are too simplistic, however. "Big local farmers succumb to the investment bug too," says Curt Sorensen, executive director of the Iowa Farmers' Union, which is studying land-buying in the state. It is hard for wealthy farmers to resist buying more land when they see "land values all but triple over a decade while stock market prices stay unchanged," he declares.

## Price Pressure

Curt Hall, vice president of Plantation Services Inc., a realty and farm management concern in Albany, Ga., argues that "a good farmer can afford to pay more for land than a mediocre one (and) European investors can hire top-notch managers, but there's just as much pressure on prices from local fellows as from the Europeans."

Mr. Hall's concerns, however, about 160,000 acres of U.S. farmland for investors in the United States as well as West Germany, Britain, Italy, Belgium and Greece. He contends that much of the talk about foreign buying of U.S. farmland is overblown. To some farmers, "an Arab is no stranger from more than 65 miles away who's talking about buying land," he says.

The Agriculture Department recently reported that U.S. farmers bought 58 percent of all rural real estate sold in 1977. That was down from a record 63 percent a year earlier but "still pretty close to the long-term 60-percent average," a department official notes. Local

farmers are often willing to pay a high price for a neighboring parcel of land they really want, analysts say.

## Package Plan

Howard Hjort, the department's chief economist, recently explained to a Congressional subcommittee that "older farmers who have large operations which they purchased years ago at relatively low land prices can spread the cost of new land over their entire acreage." Such farmers can also spread out machinery, fertilizer and other costs.

This type of accounting is hard for outside investors to match, notes Mr. Hall. Typically, his concern offers potential clients a package like this: To buy 1,500 acres of land will cost \$800 to \$1,200 an acre. A further \$150,000 to \$300,000 will be needed for machinery to work the land, a further \$250 to \$300 an acre to clear off any trees, another \$300 to \$400 an acre to drain wet spots and perhaps \$350 an acre for a well and irrigation to guarantee adequate water.

This calls for an initial investment of more than \$1 million, and the man hasn't got a seed in the ground, a boof in the field or labor on the farm to make it work," he notes. But what makes the proposition attractive, he adds, is that while the farm will return something like 3 percent a year on its operations, the land's value may increase between 10 percent and 15 percent in the same year, as it has in some recent years.

To farmers like Mr. Callan, who work the land themselves, such calculations of investment return are depressing. "From the road, a farm like that wouldn't look much different from mine," he says. But farming without the pride of land ownership represents a considerably different way of life, he and other farmers fret.

In Bonn, a government spokesman said that the West German government is not planning any measures to help support the dollar on the foreign-exchange market in connection with current U.S. plans to force measures to aid its currency. A spokesman said "there is very little the federal government can do," noting foreign-exchange policy is the realm of the Bundesbank. But, he added, the Bundesbank would continue to intervene to counter disorderly markets and the central bank has been in constant contact with U.S. Federal Reserve officials.

Some currency dealers said the U.S. discount rate boost may be the only action the market can expect from the United States in the near future. "The Fed undoubtedly will be overhauling the market in the near future" in order to bring some

industries approaching output levels that strain their capacities and which may require use of high-cost marginal equipment.

This forces companies to raise their prices and, if done widely enough in industry, could lead to demand-pull inflation, he noted.

He said if the United States gets both cost-push and demand-pull inflation at the same time "we are going to have even more rapid overall inflation rates that would cause dislocations and would result in disincentives for investment or actual reductions in investment plans and a cyclical downturn."

Meanwhile, in another interview with Agf, the Paris newspaper, the Fed chairman said he is ready to take other measures necessary to re-establish order in exchange markets in collaboration with the Treasury.

He said "the medicine will be bitter" but gave no details except to say the Fed and the administration will make sure the measures do not provoke a recession.

Indonesian Oil Exploration Seen Rising

JAKARTA, Aug. 21 (AP-DJ) — A new U.S. embassy study says Indonesia's medium-term oil exploration outlook is "bright" but says uncertainties, especially in marketing and new investment, persist.

The study gave these factors for its optimistic appraisal:

- New incentives offered contractors in 1977 that made investment more attractive.
- "High level assurances" from Indonesian officials that new investment was welcome and will be protected.
- Favorable revision of a U.S. Internal Revenue Service ruling that threatened companies here with double taxation on earnings.
- "Changes in the worldwide investment climate for non-national oil activities" that made In-

donesia a more competitive candidate for investment.

The study does note that marketing difficulties on the U.S. West Coast and reduced exports of low sulfur waxy residue (the viscous oil that comprises a significant portion of Indonesia's crude) could hurt production in mid-to-late 1978. Although the report did not mention the latest production figures, Indonesian output in June and July dipped.

The study says Indonesian production, which averaged almost 1.7 million barrels a day in the first half of 1978, "could decline in the months ahead, reflecting the low level of exploration in the past two years." The report notes that Indonesian officials have indicated that output declines of 5 percent a year are possible in 1978 and 1979.

It says Irian Jaya would be the geographical focus of new exploration in 1978 and 1979. Phillips Petroleum and Petromin Trend Corp. have producing fields in the remote

## General Mills Sees Strong Quarter

General Mills, repeating an earlier forecast of record sales and earnings in fiscal 1979, says it expects the strongest gains in the second fiscal quarter ending in November. The company earned 88 cents a share on sales of \$928.9 million in the second quarter of the previous fiscal year. The annual report also says that gross capital expenditures will increase about 20 percent to about \$165 million from last year, with 50 percent allocated for food processing, and 25 percent each for other consumer businesses and corporate items.

## Texaco Cautious on Gas-Well Test

The second test of Texaco's natural-gas discovery well in the Baltimore Canyon confirms the presence of "significant" gas reserves, but the company emphasizes that it is still far too early to determine if production there will be economically feasible. The well, about 100 miles off the coast of Atlantic City, N.J., flowed natural gas at the rate of 9.4 million cubic feet a day through a 22-64-inch opening in a test of a 40-foot interval below 13,000 feet. However, a spokesman says that any prior comments by company officials still apply. Texaco officials had said that the Baltimore Canyon discovery was a "good beginning," but that commercial gas reserves exceeding one trillion cubic feet would have to be found to justify production there. That level of

reserves, the company said, would correspond to production of about 200 million cubic feet a day from a multiwell drilling platform. Texaco, so far, has said that to determine its reserve potential, it would need to drill at least two more wells in the area, taking from eight months to a year. It could take from seven to 10 years to develop a field there, they add.

## Inco Metals Offers Pricing Option

Inco Metals is offering its contract customers a forward-pricing option for the company's copper products. Under the new system, customers can choose to price their orders at the average of Inco's daily published prices for the month prior to the month in which the order is shipped. Or, customers can continue to use the present system, under which prices are determined by the average daily published prices for the month in which the order is shipped. Noranda Sales Corp., a unit of Noranda Mines, introduced a similar system last week.

## Spain Unit to Make Audio Systems

Matsushita Electric says its National Panasonic de Espana unit will produce audio systems in Barcelona to be marketed in Spain and the rest of Europe. Officials say production will begin next year, although the type of audio systems and the size of production have not yet been decided.

## Dollar Firmer Across a Broad Front

LONDON, Aug. 21 (AP-DJ) — The dollar firmed across a broad front today as market participants awaited further signs that the Carter administration is prepared to support the U.S. currency.

The Federal Reserve Board's move Friday to increase the discount rate 1/4 point to 7 1/4 percent contributed to the firming trend, one dealer said. In response, Euro-dollar deposit interest rates firmed 1/4 to 3/4 point from Friday's levels.

Another operator attributed some of the dollar's rise to "rumors coming out of New York" that leading central banks are considering some "coordinated action" to support the dollar. But there has been no official comment on this matter, he emphasized.

In Bonn, a government spokesman said that the West German government is not planning any measures to help support the dollar on the foreign-exchange market in connection with current U.S. plans to force measures to aid its currency. A spokesman said "there is very little the federal government can do," noting foreign-exchange policy is the realm of the Bundesbank. But, he added, the Bundesbank would continue to intervene to counter disorderly markets and the central bank has been in constant contact with U.S. Federal Reserve officials.

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psychological pressure to bear; however without some real progress to reducing its oil deficit, the United States can expect to see its currency weaken over the long-term, a dealer said.

Other measures that could bolster the dollar, another dealer said, might include "a further tightening of U.S. monetary policy, an increase in the prime rate, a further rise in the discount rate and passage of an energy bill."

The dollar should remain at levels somewhat lower than the late London rates for the balance of the week as dealers continue to cover short dollar positions and await news from Washington, a dealer said. He predicted the U.S. fund would tend to level off at a range of

1.9800 Deutsche marks to 2.010 DM for the week.

The dollar finished at 2.0070 DM, up from 1.9900 DM Friday but below the Frankfurt fixing of 2.0180 DM.

Against the yen, the dollar is seen steady at a range of 190-193, ending at 192.90 yen today, up from 188.00 Friday but below 193.10 yen reached in intraday dealings.

Relative to the Swiss franc, the dollar is seen steady at a range of 1.6300-1.6600 franc range. It finished at 1.6560 francs, up from 1.6400 Friday but below 1.6835 francs in intraday trading.

The dollar moved up to 4.3900 French francs from 4.3175 Friday. Sterling, meanwhile, eased to \$1.9280 from \$1.9400.

Downside Risk Slight

Higher Gold Prices Tied To Dollar's Record Lows

LONDON, Aug. 21 (AP-DJ) — Although the dollar price of gold has soared to new highs in the past month as the currency has slipped to record depths on foreign-exchange markets, the gold-price rise has been far less meteoric when expressed in other currencies.

Based on Friday's prices, gold has surged more than 10 percent in the past four weeks to \$211.75 an ounce at the afternoon fixing in London, off from Tuesday's record \$215.90 an ounce. (Today, however, gold slipped to \$204.90 at the afternoon fixing.)

Far more placid, however, has been the gold market in Swiss francs. During the same four-week period, the Swiss franc quote for gold inched up 0.8 percent to \$46.11 francs. Likewise, against most other currencies, the gold price increase has been far slower

than in dollar terms as a result of the dollar's drop in value rather than gold surging to any appreciable new esteem in speculators' eyes.

David Fitzpatrick, a precious-metals specialist for Merrill Lynch in London, does not think that this dollar-bullion price is necessarily riding a two-way street, however. "There's a fairly limited downside risk" in gold, he asserts.

"Even if the dollar stabilizes," he speculates, "the normal seasonal strengthening trend should help gold." He adds, "if speculation out of the dollar continues — and that's just a hypothesis rather than a forecast — there would be scope for considerably higher gold prices."

The analyst considers it "reasonable to assume that there's been a genuine breakthrough" of the psychologically significant \$200-an-ounce price for gold. An upturn generally continues for some time after such a breakthrough, he notes.

He says the price of gold may actually be stronger than it looks. The increase, he explains, has come at a time when bullion should have been under downward pressure because of strong winter production in South Africa coupled with weak demand stemming from the month-long fast of Ramadan in Moslem lands and the August vacation period in Europe.

## Wall St. Prices Drop On U.S. Rate Move

NEW YORK, Aug. 21 (Reuters) — New York Stock Exchange prices retreated broadly today in moderately active trading in reaction to continuing upward pressure on U.S. interest rates and inflation.

Analysts said investors who had hoped for an easing of those two problems were forced to reassess that view by recent credit tightening aimed at propping up the dollar and a revised inflation estimate last week by the Commerce Department.

The Dow Jones industrial average fell 7.88 to 888.95 and declining issues outnumbered advances 1,097 to 434. Volume eased to 29.45 million shares from 34.65 million shares Friday.

The Federal Reserve entered the government securities market twice today to add reserves through overnight repurchase agreements but failed to stem pressure on the key fed funds rate. Fed funds were at 8 3/16 percent at the first intervention, 8 1/2 percent at the second and closed at 8 5/16.

American Stock Exchange prices also closed lower with the market-value index off 0.57 at 163.95 and the average price per share down five cents.

The Big Board retreat carried auto, chemical, steel, aluminum, computer and glamor issues lower.

Eastman Kodak lost 1 1/4 to 64 3/4. Polaroid fell 1 1/4 to 51 1/4. Walt Disney Prod. fell 1 1/4 to 44 1/4. Honeywell ex-dividend, lost 3/4 to 70 1/4, and McDonald's, subject of a bearish press report, lost 2 1/4 to 55 1/4.

Mead Corp. added 1/4 to 32. Occidental Petroleum filed with the Securities and Exchange Commission for its proposed offer to exchange Occidental preferred stock for Mead common and preferred. Mead filed suit against Occidental to block the takeover. Occidental eased 1/4 to 22.

General Mills lost 1/4 to 32 1/2 despite its bullish earnings forecast.

G. Heileman Brewing dropped 1 1/4 to 29 1/2. The company said talks on possible acquisition of Carling National Breweries were terminated, but no reason was given.

Playboy Enterprises added 1/4 to 23 1/4 after reporting fiscal fourth quarter profit.

In Chicago, wheat finished lower and corn and soybeans mixed on the Board of Trade.

## BASF Profit Off 19.3% in Half; Sales Ease 1.1%

From Wire Dispatches  
LUUDWIGSHAFEN, West Germany, Aug. 21 — BASF world group's pre-tax profit fell 19.3 percent in the first half from a year earlier to 536 million Deutsche marks and turnover was off 1.1 percent at 10.63 billion DM, the company said today.

Parent-company pre-tax profit fell 13.6 percent in the half to 330 million DM while turnover fell 3.7 percent to 4.81 billion DM.

However, an increase in second-quarter domestic business and foreign business outside of Europe made up somewhat for steep world group turnover declines of the first quarter, BASF said.

Although parent company turnover in the second quarter exceeded the year-earlier level, domestic sales in the first half were still off 5.9 percent from last year at 2.09 billion DM, while foreign sales fell 2 percent at 2.72 billion DM.

## Brazil Opens Trade On Coffee Exports

RIO DE JANEIRO, Aug. 21 (UPI) — Brazilian exporters today made their first coffee registrations since trading was suspended last week during a frost in Paraná state that reportedly damaged 200,000 coffee plants.

Brazilian Coffee Institute president Camilo Calazans announced the lifting of the suspension late Friday and fixed prices at the same levels as before the cold wave.

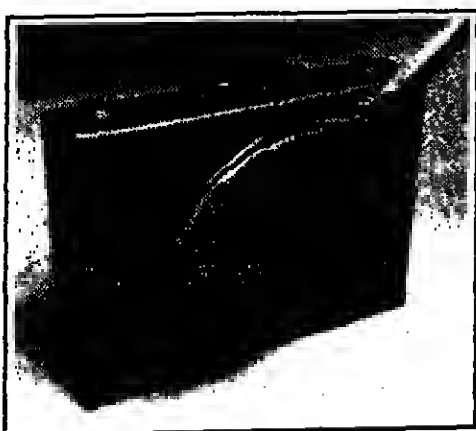
He said the crop losses for next year's harvest could not be accurately predicted until November after the plants' blossoming is completed.

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Reports

Revenue, Profits in Millions of Dollars

Allied Stores		1978	1977
2nd Quarter			
Revenue	437.65		401.80
Profits	6.88		4.66
Per share	0.34		0.24
6 months			
Revenue	862.35		796.24
Profits	16.38		13.33
Per share	0.82		0.69
May Department Stores		1978	1977
13 weeks			
Revenue	546.35		496.66
Profits	13.78		12.43
Per Share	0.61		0.54
12 weeks			
Revenue	1,036		953.97
Profits	20.83		20.22
Per Share	0.93		0.89
Winn-Dixie Stores		1978	1977
Year June 28			
Revenue	4,444		3,996
Profits	84.01		69.66
Per Share	3.94		3.28
Quarter		1978	1977
Revenue	1,054		980.82
Profits	24.88		15.83
Per Share	1.16		0.75

## U.S. Aids Firms In Service Area On Export Sales

WASHINGTON, Aug. 21 (AP-DJ) — The Commerce Department has established an International Services Division to assist U.S. service industries that do business abroad, the department said today.

The division will act as a focal point for U.S. efforts to investigate foreign laws, restrictions and other practices that have an adverse impact upon such industries operating abroad.

The office will also help other U.S. firms that wish to export services and will attempt to improve the statistical information available on the sector's exports. The department said once problems are identified, the division will work with other federal agencies and U.S. embassies to try to unravel red tape.

The department said services industries account for about 20 percent of U.S. overseas sales.

## Rothmans of London, Inc.

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August 22, 1978




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July 1978



مکتبہ اسلامیہ

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bank foreign exchange rates, one can find the value of the major currencies to the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

	S	£	DM	FF	Gld:	BF com.	SwissF.	Dan.Kr.
American	2.18	4.302	108.24	49.435*	1.2594	8.876	12.675	39.19*
Amsterd.	21.57	40.9023	15.713	7.16075	3.7615	14.51	13.815	5.677
Basle/Paris	2.01	3.9732	—	65.73	2.389*	92.38	6.375*	120.17*
Brussels/L.	1.9285	—	3.974	8.4025	1.619.50	4.9325	60.75	3.319
London	841.38	16,26.20	417.43	190.57	398.28	26.61	499.77	151.22
Paris	4.3025	8.600	219.15*	—	5.251*	262.70*	13.985*	262.50*
Stockholm	1.66875	3.12475	83.0695*	38.02285*	0.19835	76.753*	5.29815	29.9335*

The following are Dollar values as quoted on the London foreign exchange market: Danish Kroner: 4.6225; Ecuador: 45.625; Israeli L.: 18.25; Peseta: 74.53; Schilling: 14.475; Sw. Krona: 4.4315; Yen: 360.24; Zloty: 2.250; Canadian \$: 3.2625; Ft. Mark: N.O.; Belgian Financial Franc: 32.43; Hong Kong \$: 4.7445; New Zealand \$: 2.95; Canadian \$: 87.895 U.S. cents.

[\*] Commercial Franc. (†) Units of 100. (‡) Units of 1000. (¶) Units of 10,000. (||) Amounts needed to pay one pound.

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IMM Futures					
August 21, 1978					
	Open	High	Low	Close	Chg
<b>SWISS FRANC</b>					
Sept	0.6028	0.6115	0.6038	0.6090	-0.0010
Dec	0.6149	0.6243	0.6149	0.6210	-0.0010
Mar	0.6275	0.6340	0.6275	0.6350	-0.0010
June	0.6375	0.6464	0.6375	0.6440	-0.0010
Sept	0.6510	0.6625	0.6510	0.6625	-0.0002
<b>GUILDER</b>					
Sept	N.T.	N.T.	N.T.	0.4620	Unch
Dec	0.4630	0.4680	0.4630	0.4625	-0.0001
<b>FRENCH FRANC</b>					
Sept	N.T.	N.T.	N.T.	0.2288	Unch
Dec	0.2261	0.2276	0.2261	0.2271	+0.0001
<b>YEN</b>					
Sept	\$204	\$208	\$204	\$203 1/2	-0.0006

Sept	1.9200	1.9370	1.9190	1.9330	-0.0075
Dec	1.9070	1.9250	1.9070	1.9200	-0.0080
Mar	1.9050	1.9110	1.9730	1.9710	-0.0020
June	N.T.	N.T.	N.T.	1.9050	0.0000

CANADIAN DOLLAR					
Sept	0.6792	0.6792	0.6754	0.6678	-0.0004
Dec	0.6786	0.6792	0.6735	0.6663	-0.0001
Mar	0.6773	0.6773	0.6750	0.6773	+0.0004

DEUTSCHE MARK					
Sept	0.4989	0.5045	0.4979	0.5042	+0.0023
Dec	0.5045	0.5116	0.5042	0.5113	+0.0022
Mar	0.5107	0.5180	0.5107	0.5181	+0.0009
June	0.5175	0.5210	0.5170	0.5195	-0.0008

Royal Oak by  
**demars Pignet**

DOLLARS	1977	1978
---------	------	------



**Transamerica**

1000

Dec	5369	5372	5369	5369	—
Mar	5368	5372	5368	5441	—
Sept	5410	5410	5418	5410	—
initial 0.00 credited					
<b>STERLING</b>					
Sept	1.9200	1.9370	1.9190	1.9330	—0.0025
Dec	1.9670	1.9250	1.9700	1.9200	—0.0400
Mar	1.9860	1.9110	1.9930	1.9710	—0.0170
June	N.T.	N.T.	N.T.	1.9050	Unch.
<b>CANADIAN DOLLAR</b>					
Sept	0.8792	0.8792	0.8754	0.8678	—0.0014
Dec	0.8786	0.8792	0.8735	0.8763	—0.0011
Mar	0.8776	0.8772	0.8758	0.8773	—0.0004
<b>DEUTSCHE MARK</b>					
Sept	0.4968	0.5045	0.4977	0.5042	—0.0024
Dec	0.5042	0.5042	0.5042	0.5113	—0.0027
Mar	0.5107	0.5100	0.5107	0.5107	0.0000
June	0.5126	0.5210	0.5170	0.5195	—0.0018

	Yest	Prev	Night	Low
Amsterdam	95.0	94.40	95.90	95.60
Brussels	115.80	113.00	115.60	94.00
Frankfurt	156.30	150.29	157.17	141.11
London 30	59.20	59.12	59.20	43.00
London 500	257.40	254.52	265.50	242.00
Milan	68.17	65.79	68.17	65.50
Paris	116.10	114.95	117.46	78.18
Sydney	535.94	535.99	535.99	36.00
Tokyo (n)	419.87	418.99	420.81	344.04
Tokyo (o)	5,013.33	5,495.54	5,454.63	3,887.91
Zurich	310.80	311.70	342.50	292.80

(n) new (o) old

**Monday's**

Adobe Ciel	GenPort	Pac Lumber
Albion Piv	Gentlor Ltd	Paysia Das
Alm Air	Genltd	Perndt Ltd
Amsted	Gilford Hill	Precht 250pt
Amul Mop	Holl Frank	Pillsbury
Aracolo Neo	Hamdenme	PrimeCorp
Arkans Best	HuddsBoy B	Robstos
Aspen Corp	Hydrex	Robshw Con
Beef Food	IUN1 136pt	Robshw Con
BeafF 336pt	IntAlum	SCA SCE
Bemis Co	Intl Harv	SavOn Dng
BiscanySL	IowaBld	Scot Fores
Bldg Form	Jowa PowL J	Seafirst
Brl Pl	Jewell	Seafirst
BunkRnt Pl	Jr JohnsonE	Seafirst Lin
BurndyCo	Keller Ind	Servomat
CCI Corp	Kennamint	Skocys Cos
Costie Che	Kiddle Co	Smiths Tron
Cosmo Che	Kidder A	Southdown
CentimQdq	Kubitz Jr	Southdown

FFB8 1.26pt  
 Flachb Np  
 FlemingCo  
 GordDew  
 GerdOwen  
 GelcoCo  
 MadMerch  
 MooreMcC  
 NWF Co  
 NoI Gypsum  
 NorAm Phil  
 vNa Centry  
 WalkerNA  
 WallBus F  
 Wernoco  
 WilcoCh  
 WoodsPatl  
 Zurn Ind  
 NEW LOWS—\$  
 CPNatl  
 EvanPd 1.40pt  
 SouNET pta  
 TysorCe w  
 WU linc w

July from June and 20.1 percent from a year earlier, also a record, the Bank of Japan reported today.

The import price index stood at 80.0, based on 1975 equalling 100. The reason for the steep decline was the sharp appreciation of the yen, the central bank said.

Nonetheless, export prices also fell, dropping 2.1 percent from June and 6.1 percent from July 1977, with the index at 87.3. Part of the reason for the drop was the fact that the yen's rise had caused im-

### Seen Less Than 3%

FRANKFURT, Aug. 21 (AP-D) — West Germany may still keep its rate of inflation at under 3 percent by year's end, Bundesbank council member Claus Koehler said over the weekend.

In a radio interview, he said the fall of the dollar will lead to lower import prices and, thus, to renewed price stability. In July, prices rose 2.6 percent from the year earlier.

In Wiesbaden, the statistics office reported today that the nation's import prices fell 0.7 percent in July from June and were down 4.2 percent from a year earlier with the index at 146.2. The export price index rose 0.1 percent to the month and was up 1.3 percent from a year earlier at 147.3.

1











# Dodgers Rally in Ninth For 5-4 Victory Over Mets

NEW YORK, Aug. 21 (UPI)—Joe Ferguson's double over left-fielder Steve Henderson's head was the big hit in a three-run rally in the ninth inning yesterday that gave the Los Angeles Dodgers a 5-4 victory over the New York Mets.

Ferguson's hit off reliever Skip Lockwood, 7-1, came after Reggie Smith walked to left off the ninth. Steve Garvey singled, Smith going to third when Henderson bobbled the ball for an error. Lockwood replaced starter Craig Swan and gave up an RBI single to Ron Cey, a sacrifice fly to Lee Lacy and Ferguson's double, which Henderson

misjudged. Charlie Hough, 5-3, was the winner.

## Cubs 2, Reds 1

In Chicago, Dave Rader's two-run, two-out double in the ninth inning gave Chicago a 2-1 victory over Cincinnati. With two out, Larry Bittner singled to left off Cincinnati starter Mike LaCoss and Manny Trillo singled Blittner to second. Reliever Doug Bair came on to walk Ivan DeJesus to fill the bases before Rader got his hit.

## Cardinals 6, Braves 4

In St. Louis, Ted Simmons doubled home two runs in the seventh

inning to snap a 4-4 tie and give St. Louis a 6-4 victory over Atlanta. Simmons had struck out three previous times against loser Phil Niekro.

## Phillies 5, Expos 4

In Montreal, rookie Broderick Perkins lofted a sacrifice fly to score Dave Winfield with the tie-breaking run in the eighth inning as San Diego defeated Montreal, 5-4. Winfield led off the inning with a triple to center field.

## Phillies 5, Giants 3

In Philadelphia, Richie Hebner tripled during a two-run third inning and singled home a run in the sixth to lead Philadelphia to a 5-3 triumph over San Francisco.

## Pirates 7-3, Astros 6-1

In Pittsburgh, Ed Ott hit two home runs and Jerry Reuss earned his first pitching victory this season as Pittsburgh beat Houston, 7-1, to complete a doubleheader sweep and extend Pittsburgh's winning streak to seven games. The Pirates won the opener, 7-6, with the help of a home run by Willie Stargell, four hits by Frank Taveras and sharp relief pitching by Kent Tekulve.

## Angels 1, Orioles 0

In the American League, in Anaheim, Calif., Don Baylor doubled home Rick Miller in the bottom of the 14th inning, giving California a 1-0 victory over Baltimore and keeping California within one percentage point of Kansas City for the lead in the American League West. Miller drew a walk with one out and scored one out later when Baylor's soft fly ball fell into short center field.

## Mariners 5, Yankees 4

In Seattle, Bob Robertson drove in the winning run with a seventh-inning single, lifting Seattle to a 5-4 comeback triumph over New York. Bob Stinson led off the Seattle seventh with a double off losing reliever Rich Gossage. He took third on Julio Cruz's bunt and scored on Craig Reynolds's single to tie the game, 4-4. Lee Roberts walked before Robertson drove in Reynolds.

## Red Sox 4, A's 2

In Oakland, Calif., Jerry Remy's three-run homer following a controversial call by plate umpire Ed Merrill in the fifth inning led Boston to a 4-2 victory over Oakland. Mark Keough ran the count to 0-2 on Remy and appeared to strike him out but Merrill ruled that catcher Bruce Robinson trapped the ball against the ground and that therefore it was a foul tip.

## Royals 2, Rangers 1

In Kansas City, left-hander Paul Splittorff scattered eight hits and Kansas City capitalized on a fifth-inning error by Texas pitcher Jon Matlack to gain a 2-1 victory.

## Brewers 2, Tigers 1

In Milwaukee, Ben Oglivie's eighth-inning double scored Charlie Moore with the run that gave Milwaukee its seventh victory in eight games — a 2-1 triumph over Detroit.

## Indians 10, White Sox 1

In Cleveland, Johnny Grubb drove in five runs with three hits, including a three-run double, as Cleveland snapped a five-game losing streak with a 10-1 rout of Chicago.

## Blue Jays 6, Twins 2

In Bloomington, Minn., Toronto right-hander Don Kirkwood checked Minnesota on three hits over six innings to win his first game since April 14 as Toronto downed Minnesota, 6-2.

## Major League Standings

NATIONAL LEAGUE EAST	W	L	Pct.	GB
Philadelphia	65	55	.542	—
Atlanta	60	60	.500	5 1/2
Montreal	58	62	.483	7 1/2
St. Louis	57	63	.479	8 1/2
San Francisco	56	64	.466	9
New York	52	72	.419	15 1/2
Houston	50	75	.400	18 1/2
NATIONAL LEAGUE WEST	W	L	Pct.	GB
Los Angeles	71	51	.583	—
San Francisco	71	51	.583	—
Cincinnati	69	53	.568	2
San Diego	65	57	.533	6
Atlanta	56	66	.458	15
Houston	54	68	.442	17
AMERICAN LEAGUE EAST	W	L	Pct.	GB
Boston	78	45	.634	—
New York	71	52	.575	7 1/2
Los Angeles	67	56	.548	11 1/2
Philadelphia	67	56	.548	11 1/2
San Francisco	66	57	.537	12 1/2
Chicago	64	59	.519	14 1/2
St. Louis	64	59	.519	14 1/2
Seattle	62	61	.508	16 1/2
AMERICAN LEAGUE WEST	W	L	Pct.	GB
Los Angeles	78	45	.634	—
San Francisco	71	52	.575	7 1/2
Los Angeles	67	56	.548	11 1/2
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San Francisco	66	57	.537	12 1/2
Chicago	64	59	.519	14 1/2
St. Louis	64	59	.519	14 1/2
Seattle	62	61	.508	16 1/2



Lee Elder acknowledges the crowd's cheers after he sank a putt on the 18th hole to win the Westchester Golf Classic.

# Birdie Gives Elder Westchester Victory

HARRISON, N.Y., Aug. 21 (AP) — Lee Elder, moving slowly and carefully on an injured knee, tapped in the birdie putt he had to have on the final hole yesterday and scored a 1-stroke victory in the Westchester Golf Classic.

The 44-year-old Elder won with a 274 total, 10 shots under the listed par on the hilly, 6,603-yard Westchester Country Club course in suburban New York.

The victory, which followed his triumph in Milwaukee a month ago, put him in the rich World Series of Golf later this year and all but assured him of a place on the 1979 Ryder Cup team.

Another first: In 1975 he became the first black to play in the Masters and now seems certain to become the first black to play against Britain's best in the biennial Ryder Cup matches.

Bob Hayes, who played in front of the other leaders. He finished with a 66-275. He missed an 8-foot birdie putt on the 17th hole and left a 15-footer short, dead in the heart of the hole, on the 18th.

Green, playing behind Elder, lost his big opportunity on the 14th and 15th. He missed a short putt, about three to four feet, on each hole. One was for par, one for birdie. He went to the last hole needing an eagle-3 to tie but got his second shot on the edge of a bunker and took 3 to get down from there.

He finished with a 70 and was 2 strokes back at 276.

Other Leaders: Bill Kratzert was next at 67-277. Tied at 278 were Bob Murphy, Gibby Gilbert, Dave Eichelberger, Alan Tapie and Dave Stockton. Eichelberger matched par 71, while Murphy had a 69. Tapie and Gilbert 73s. Stockton clipped in four times on the way to a 66.

Jack Nicklaus simply could not make anything happen. He 2-putted for par on the first nine holes and then took himself out of it with bogeys on the 13th and 15th holes. He finished with a 72 and was tied with Tom Watson and others at 279, or 5 shots back. Watson had a 71.

John Mahaffey, a winner his last two times out, shot 75 and was far

back at 287. Andy North, the 1977 Westchester winner and current U.S. Open title-holder, was 71-283.

Physical Support: Elder, who was wearing a support stocking to ease the pain of water on his left knee, had a target all day.

With Hayes posting his total some 90 minutes earlier, Elder knew what he had to do. He trailed by one shot at that time, but gained a share of the top spot with a 12-foot birdie putt on the 13th.

# Boggs Leading Diving Qualifiers

BERLIN, Aug. 21 (AP) — Phil Boggs of the United States dominated the men's three-meter springboard preliminaries at the world swimming championships here today, registering top scores in 8 of 11 qualifying dives.

Boggs, a 23-year-old Olympic three-meter gold medalist, held a final qualifying score of 591.18 after some seven hours of competition that stretched into early evening. He takes half the score into the final competition tomorrow.

He outdistanced Falk Hoffmann of East Germany, the European champion, who placed second with 552.24.

Giorgio Cagnotto, Italy's 31-year-old veteran of three Olympic Games, was third with 539.31.

Boggs, precise and unhesitating throughout a sunny day of competition, took four of five required dives and was the top competitor in four of six optional dives.

There were no timed swimming events and no diving finals today, but tomorrow's schedule included both the three-meter men's finals and the women's 100-meter breaststroke.

Overall, the United States was in first place at the meet with 85 points, ahead of the Soviet Union's 41, East Germany's 34, West Germany's 26, Canada's 24 and the Netherlands' 11.

Australia was in seventh place with 10 points to Britain's 8. Behind them, with 5 points each, were Sweden and Brazil, followed by Italy with 4 points and Argentina and Japan with 3 each.

Yesterday, Inna Kalinina of the Soviet Union bested two Americans, Jennifer Chandler and Cynthia Potter, to take the gold medal in the women's three-meter diving competition.

Led by Tracy Caulkins's world record performance in the women's 200-meter individual medley, the Americans captured four of the six finals yesterday and won nine medals.

Caulkins, at 15 one of the child

stars of international swimming, bettered her own record time by more than a second in winning in 2 minutes, 14.07 seconds. Mary-Jean Pennington finished second in 2:14.98, also well below the old world mark of 2:15.09.

Bill Forrester and Ambrose Gaines finished 1-2 in the 200-meter men's freestyle in 1:51.02 and 1:51.10, respectively, and the U.S. men also made a 1-2 sweep in the 100-meter breaststroke, with Robert Jackson winning in 56:36 and Peter Rocca second in 56:69.

The American women's team of Linda Jezek, Cynthia Woodhead, Pennington and Caulkins fought off a strong challenge from East Germany and captured the 400-meter medley in the meet record time of 4:08.21.

The only final event in which the United States failed to pick up a medal was the men's 100-meter breaststroke, won by Walter Kusch of West Germany in 1:03:56.

Graham Smith of Canada finished second in 1:03:60 and Gerald Moschen of West Germany, the world record holder, was third in 1:03:62.

After Affirmed crossed the finish line 1 3/4 lengths ahead of Alydar, an "inquiry" sign was posted. Alydar's jockey, Jorge Velazquez, also claimed foul.

Affirmed was subsequently disqualified in favor of Alydar, resulting in the Triple Crown winner's first loss this year after eight victories.

The suspension, announced today by the stewards at Saratoga Race Course, is in begin Thursday.

After Affirmed on the lead but abruptly headed the Triple Crown winner towards the rail near the half-mile pole of the 1 1/4-mile race, the sudden move cut off Alydar, who was attempting to move up along the rail and caused the colt to lose ground and fall far off the pace.

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# Pincay Draws A Suspension After Travers

SARATOGA SPRINGS, N.Y., Aug. 21 (UPI) — Jockey Laffit Pincay Jr., who was riding Affirmed as a replacement for the injured Steve Cauthen, has been suspended for seven days for interfering with Alydar during the Travers Stakes here on Saturday.

The suspension, announced today by the stewards at Saratoga Race Course, is in begin Thursday.

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# Simpson Says Knee Is Fine After Test

SAN FRANCISCO, Aug. 21 (AP) — O.J. Simpson says his injured knee is strong. But what about his new team, the San Francisco 49ers, who looked so weak against the Oakland Raiders?

"Communications is the key," Simpson said after his playing day with the 49ers, whose offense sputtered yesterday in a 31-14 exhibition loss to the Raiders.

"Right now, we haven't played long enough with each other to get the feel of things," he said. "We're going to start communicating better and playing together."

The 49ers are 0-3 and have just one more exhibition test, against Denver, before opening the National Football League season Sept. 3 in Cleveland.

Hurt in Midseason: Yesterday's game was the first for Simpson since he injured his left knee midway through last season, his final one with the Buffalo Bills. After the Raiders game, he said, "I felt great. I really did. I wanted to stay in the game longer."

The \$733,000-a-season Simpson left early in the second period after carrying the ball six times for 12 yards, losing the ball once on a fumble and dropping a perfect pass from Jim Plunkett, who had a fumble and frustrating 0-for-11 passing day.

Three touchdown passes by Ken Stabler gave Oakland an early 21-0 lead.

"We wanted to open things up, pass more than last week, and we did it," said Stabler, whose touchdown passes went to rookie running back Arthur Whittington and receivers Cliff Branch and Ray Chester.

At Foxboro, Mass., three goal-line touchdowns, including one-yard plunges by quarterback Steve Grogan and fullback Don Calhoun on New England's first two possessions, lifted the Patriots to their third straight exhibition victory, 24-7 over the Kansas City Chiefs yesterday.

The Chiefs, bottled up by the Patriots' defense, managed only a 21-yard touchdown run by fullback Mark Bailey in the second quarter. The score was set up by a 37-yard pass from quarterback Mike Livingston to wide receiver Henry Marshall.

The U.S. Open. "I tried to get aggressive in that game and it paid off."

Connors's path was not as difficult as Dibbs's. He coasted to a 6-2, 6-3 victory over Tim Gulikson in the final of a Grand Prix tournament in Stowe, Vt.

The top-seeded Connors treated the near-sellout crowd to perfect tennis, with driving baseline shots, slashing returns and a strong net game. Gulikson salvaged a share of the glory as he teamed with his brother, Tom, for a 3-6, 7-6, 6-3 victory over Tim Gulikson and Kim Warwick in the doubles final.

In another tournament last weekend, 15-year-old Tracy Austin captured her second straight U.S. girls 16-and-under championship with a 6-3, 2-6, 6-3 victory over Pam Shriver.

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# Sutton and Garvey Fight in Clubhouse

NEW YORK, Aug. 21 (AP) — Two Los Angeles Dodgers, pitcher Don Sutton and first baseman Steve Garvey, fought with each other in the dressing room before the game yesterday against New York.

The altercation was sparked by an article in The Washington Post in which Sutton was quoted as saying: "All you hear about on our team is Steve Garvey, the All-American boy. But Reggie Smith was the real MVP [Most Valuable Player]. We all know it. [Smith] has carried us the last two years. He is not a facade. He does not have the Madison Avenue image."

Sutton and Garvey fought for several minutes before being separated and Sutton came out the worse, with a bruised and swollen face.

"It was just a difference of opinion on the article," said Garvey. "The article was completely unnecessary. We are dedicated to winning the pennant. We are supposed to be winning the pennant, not singling out individuals."

The article also included a reference to Garvey's family, which lives only three houses away from the Suttons in California.

"Probably if something had not been mentioned about my family in the conversation, nothing would have happened at all," said Garvey, who sported a small abrasion above his left eye. "As far as I'm concerned everything is out and dried and clear."

Garvey said he went over to Sutton's locker before Sunday's game to find out if the pitcher had been quoted accurately.

The two talked for several minutes. "I expressed my regrets that something has come up [the article] that is totally irrelevant to what a team stands for," said Garvey. "If there are any differences, they should be kept in the clubhouse and not outside. That's the way my life is oriented."

Sutton reportedly pushed Garvey and the wrestling match caused before four or five players separated them.

"There was more clawing and scratching than any punches being thrown," said a source, who requested anonymity.

Transactions: NATIONAL LEAGUE: Pittsburgh-Pirates—signed Jim Rooker, pitcher, to a multi-year contract.

FOOTBALL: National Football League: ATLANTA FALCONS—Placed Andy Silvio, linebacker, on the injured reserve list.

CLEVELAND BROWNS—Signed Robert Woods, wide receiver, released Mark Durand, wide receiver.

BUFFALO BILLS—Wounded Winston Hill, offensive tackle, and Orlando Helton, tight end, and placed Eric Smith, kicker, on the injured reserve list.

CLEVELAND BROWNS—Signed Robert Woods, wide receiver, released Mark Durand, wide receiver.

SEATTLE SEAHAWKS—Signed Elmer Harris, kicker, under 1991. Placed Richard Harris, defensive end, Barrett Polio and Skip Taylor, running backs, and Brian Peets, tight end, on waivers.



